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Department of Human Resources >> Meeting Information >> Health Service Board: Full Committee

Department of Human Resources

January 11, 2001 (Special Meeting)

City and County of San Francisco
Department of Human Resources

Health Services Board

Notice and Agenda

Special Meeting
Thursday, January 11, 2001
12:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐	**Call to Order**		
☐	**Roll Call**	President Heldfond Vice President Zvanski Commissioner Deignan Commissioner Fraser Commissioner Paretchan Commissioner Welch Commissioner Yee	
☐	**01112001-01S**	**Discussion Item**	**Public comment on all matters pertaining to the closed sessions** Public Comments:
☐	**01112001-02S**	**Action Item**	**Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel (San Francisco Administrative Code section 67.10(d))**

			Staff Recommendation: Hold closed sessions Public Comments: Action:
Closed session pursuant to Government Code sections 54956.9(c) and 54956.9 (b)(3) and San Francisco Administrative Code section 67.10(d) **Conferences with legal counsel**			
☐	01112001-04S	Discussion Item	**Anticipated litigation** Number of cases: 1 X as defendant Action:
☐	01112001-05S	Action Item	**Anticipated litigation** Number of cases: unknown X as defendant Action:
Reconvene in Open Session			
☐	01112001-06S	Action Item	**Possible report on action taken in closed session** (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2)) Public Comments: Action:
☐	01112001-07S	Action Item	**Vote to elect whether to disclose any or all discussions held in closed session** (San Francisco Administrative Code section 67.12 (a)) Public Comments: Action:
☐	01112001-08S	Discussion Item	**Opportunity to place items on future agendas**
☐	01112001-09S	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction**

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			Public Comments:

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call Arnetta Brown at 554-1727.

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HEALTH SERVICE BOARD
SPECIAL MEETING MINUTES
Thursday, January 11, 2001
12:00 Noon

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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PLEDGE OF ALLEGIANCE
CALL TO ORDER: 12:05 PM
ROLL CALL

President Heldfond
Vice President Zvanski
Commissioner Deignan
Commissioner Van Runkle
Commissioner Paretchan
Commissioner Welch
Commissioner Yee, Excused

01112001-01S **Discussion Item** **Public comment on all matters pertaining to the closed sessions.**

Public Comments: None

01112001-02S **Action Item** **Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel** (San Francisco Administrative Code section 67.10(d)).

Staff Recommendation: Hold closed sessions.

Public Comments: None

Action: Board moved and seconded to hold closed sessions to hear appeals and to confer with legal counsel. Motion passed 6-0.

CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(c) AND 54956.9(b)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D).

Closed Session II: Conferences with legal counsel

01112001-04S	**Discussion Item**	**Anticipated litigation** **Number of cases: 1** **X as plaintiff**
01112001-05S	**Discussion Item**	**Anticipated litigation** **Number of cases: 1** **X as plaintiff**

RECONVENE IN OPEN SESSION

01112001-06S	**Action Item**	**Possible report on action taken in closed session** (Government Code Section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2)). Public Comments: None Action: Voted not to report.
01112001-07S	**Action Item**	**Vote to elect whether to disclose any or all discussions held in closed session** (San Francisco Administrative Code section 67.12 (a)) Public Comments: None Action: Board moved and seconded not to disclose discussions held during closed session. Motion passed 6-0
011120001-08S	**Discussion Item**	**Opportunity to place items on future agendas. None**
011120001-09S	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** **Public Comments: None**

Adjourn: 12:35 PM

Department of Human Resources

January 11, 2001

City and County of San Francisco
Department of Human Resources

Health Services Board

Notice and Agenda

Regular Meeting
Thursday, January 11, 2001

1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐	**Pledge of Allegiance**		
☐	**Call to Order**		
☐	**Roll Call**	President Heldfond Vice President Zvanski Commissioner Deignan Commissioner Van Runkle Commissioner Paretchan Commissioner Welch Commissioner Yee	
☐	**01112001-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Regular Meeting of December 14, 2000**

			Documents provided to Board prior to meeting: Draft version of minutes for each meeting Staff Recommendation: Approve draft minutes Public Comments: Action:
☐	01112001-02	Discussion Item	**Report of Health Service System staff and legal counsel regarding the following matters:** • **Staff changes (Bart Duncan)** • **Timing of KPMG presentation on management letter (Bart Duncan)** • **Kickoff of City's collective bargaining negotiations (Bart Duncan)** • **Finance and Budget Committee meetings (Bart Duncan)** • **Timing of Financial Reports (Bart Duncan)** • **City Plan Group, including status of claims processing (Beaulah Smith)** • **Membership Group, including weekly telephone reports (Diana Ferrari)** • **Finance Group, including status of vendor reconciliation program and delinquency termination program (Bob Hencier)** • **Administration of Management Cafeteria Plan (Yvonne Hudson)** • **Current HSS systems issues (Sam Kwong, DTIS)** • **Recent revisions to San Francisco Administrative Code, Section 16.700 et seq., regarding eligibility for membership in HSS (Rebecca Saroyan, Deputy City Attorney)** *Documents provided to Board prior to meeting:* • *Claims processing status report* *Weekly telephone reports* ❸ *Revised Section 16.700 et seq.*

☐	01112001-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Mike Kramer, Towers Perrin)** *Documents provided to Board prior to meeting: Draft report* Staff Recommendation: Accept Report Public Comments: Action:
☐	01112001-04	Action Item	**Resolution certifying the 10-County Survey amount for fiscal year 2001-2002** *Documents provided to Board prior to meeting: Draft resolution* Staff Recommendation: Adopt resolution Public Comments: Action:
Rates and Benefits Matters			
☐	01112001-05	Discussion Item	**Report on recent activities of the Rates & Benefits Committee and schedule for completion of determination of rates and benefits for fiscal year 2001-2002 (Commissioner Welch)** *Documents provided to Board prior to meeting: None* Public Comments:

☐	01112001-06	Action Item	**Adoption of recommendations of the Rates and Benefits Committee regarding Dental Benefits for fiscal year 2001-2002** *Documents Provided to Board prior to meeting: None.* Staff Recommendation: Adopt recommendations Public Comments: Action:

☐	01112001-07	Action Item	**Adoption of recommendations of the Rates and Benefits Committee regarding the City Health Plan (Plan 1) for fiscal year 2001-2002** *Documents Provided to Board prior to meeting: None.* Staff Recommendation: Adopt recommendations Public Comments: Action:
End of Rates and Benefits Matters			
☐	01112001-08	Discussion Item	**Coverage of transsexual treatments and surgeries under medical plans** *Documents provided to Board prior to meeting: 1997 Report from Human Rights Commission and corresponding report from Rael & Letson* Public Comments:
☐	01112001-09	Discussion Item	**Report from PacifiCare on the status of its network in El Dorado County** Public Comments:
☐	01112001-10	Discussion Item	**Report from Health Net on recent misrelease of confidential mental health information and consequent preventive measures, and report by Kaiser, UBH and Blue Shield on their respective preventive measures** *Documents provided to Board prior to meeting: None* Public Comments:
☐	01112001-11	Action Item	**Resolution regarding upcoming election for member of the Health Service Board** *Documents provided to Board prior to meeting: Draft resolution* Staff Recommendation: Adopt resolution Public Comments: Action:

☐	**01112001-12**	**Action Item**	**Approval of selection of COBRA administration vendor, subject to successful negotiation of final contract** *Documents provided to Board prior to meeting: Copies of proposals from the following proposers: Benefit Compliance Inc., Ceridian Benefits Services and Sykes HealthPlan Service Bureau (SHPS)* Staff Recommendation: Approve selection of SHPS Public Comments: Action:
☐	**01112001-13**	**Action Item**	**Approval of amendment of rules and regulations regarding cell phones and enrollment of domestic partners** *Documents provided to Board prior to meeting: Marked copy of amendment and related materials* Staff Recommendation: Approve amendment Public Comments: Action:
☐	**01112001-14**	**Discussion Item**	**Opportunity to place items on future agendas** Public Comments:
☐	**01112001-15**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction** Public Comments:

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A(6) of the Health Service System

Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call Arnetta Brown at 554-1727.

SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices is prohibited at Health Service Board meetings and its' committee meetings.
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.

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HEALTH SERVICE BOARD
REGULAR MEETING MINUTES
Thursday, January 11, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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PLEDGE OF ALLEGIANCE
CALL TO ORDER
ROLL CALL

President Heldfond
Vice President Zvanski
Commissioner Deignan
Commissioner Van Runkle
Commissioner Paretchan
Commissioner Welch
Commissioner Yee, Excused

01112001-01 Action Item **Approval (with possible modifications) of the minutes of the following meetings:**

- **Regular Meeting of December 14, 2000**

Staff Recommendation: Approve draft minutes

- Additional amendment to say that Harry Paretchan only missed 3 meetings.
- Amend statement on Page 3 of minutes to state that Mr. Lucich reported that he attended a meeting with management of the retirement system.

Public Comments: None

Action: Motion was moved and seconded by the Board to approve the minutes with requested amendments. Motion passed 6-0.

01112001-02 Discussion Item

Report of Health Service System staff and legal counsel regarding the following matters:

Staff changes

Bart Duncan stated that the two 1814 permanent management positions have been filled and the selections are Beaulah Smith, for City Health Plan Group and Diana Ferrari for Membership.

Timing of KPMG presentation on management letter.

Bart Duncan stated that due to a scheduling conflict, KPMG would not be able to present the management letter to the Board until the next meeting on February 8, 2001. Mr. Duncan reported to the Board that even though the management letter is coordinated through the Controllers' Office, he would try to make arrangements for them to have the letter for review prior, if possible or by the February the meeting. A management letter is a letter from KPMG that is the normal part of the outside audit processing. In addition to audit of financial statements, KPMG writes a letter, which covers management issues, that the Board should be aware of.

Kickoff of City's collective bargaining negotiations.

Bart Duncan stated that a kick-off meeting was held last Friday and that over 40 contracts were up for negotiations.

Finance and Budget Committee meetings.

Mr. Duncan reported that the first Finance and Budget Committee meeting would be on Wednesday, February 14, 2001, from 10 AM to 1 PM. Subsequent meetings will be held every 3rd Wednesday thereafter, March 21, 2001, April 18, 2001, and May 16, 2001, from 10 to 1 PM, in Room 416. Additional meetings will be added if Commissioner Zvanski feels that it is necessary.

Timing of Financial Reports.

Bart Duncan complimented Towers Perrin for being able to have their financial reports and benefits data needed prior to the Rates & Benefits Committee. In spite of help from DTIS to develop a reliable schedule to produce the reports, it takes 3 days after the beginning of the month to produce.

This causes conflicts with having completed reports in time for Board meetings that are scheduled at the beginning of the month. Mr. Duncan suggested that the Board might want to reconsider the current time of their meetings in order to review the financial reports prior to meetings.

City Plan Group, including status of claims processing. Beaulah Smith, Manager of the City Health Plan Group, presented the claims report to the Board, attached as **Schedule #1**. Ms. Smith reported that the outstanding claims have declined because of the Christmas holidays and vacations. Three permanent 1209 Benefit Technicians were recently hired, one is an existing and maximum out-put employee and the other two will begin work in about a week and a half. They will immediately begin a 30-day training period. As a result in the additional staff, Ms. Smith announced that there should be a decrease in outstanding claims and turn-around time. Mr. Duncan reported that an assistant (1813 Class) would soon be appointed to work with Ms. Smith.

Membership Group, including weekly telephone reports. Diane Ferrari reported that letters have been mailed to 392 retirees and their dependents to advise them that the month of January-March is the Open Enrollment period to enroll in both parts of Medicare. The Health Service System rules require enrollment in both parts of Medicare, if eligible. Ms. Ferrari stated that the premium statements and delinquency notices were not mailed out because of system problems and Mr. Sam Kwong of DTIS will inform the Board of the problems in his report.

Ms. Ferrari presented the following telephone reports to the Board:

Week of December 12-15, 2000, attached as **Schedule #2**
Week of December 18-22, 2000, attached as **Schedule #3.**
Week of December 25-29, 2000, attached as **Schedule #4**.
Week of January 1-5, 2001, attached as **Schedule #5**.

Staff figures are low and statistics are off because the telephone reports are based on the telephones being operational between 8 AM and 5 PM.

Actually, the telephones are operational between 9 AM and 3 PM and the discrepancies that occur because of the incorrect telephone schedule are being discussed with the DTIS. As of January 1, 2001, there are four new analysts assisting with the telephones. Ms. Ferrari reported that as a direct result of additional staff, there was an increase of 328% in speed of answering calls and acceptable service level rose by 41%. Commissioner Welch requested that showing the trend analysis of daily and weekly reports in a graph would make the numbers and performance comparison information easier to read.

Finance Group, including status of vendor reconciliation program and delinquency termination program.
Bob Hencier announced that he is having quarterly reconciliation meetings with the HMOs. The purpose of the meetings is to stay on top of the eligibility reporting and insure that the numbers are correct. The design and format of the delinquency letters are complete. However, DTIS has discovered that the dollar amounts that appear on the test letters are not correct and they are currently checking out the problem. Sam Kwong will give more details regarding this problem in his report.

Administration of Management Cafeteria Plan
Yvonne Hudson stated that she continues to have regular meetings with the Employees Benefits Specialist (EBS); two more are scheduled in January. Purpose of the meetings is to develop reliable procedures and focus attention on improving the quality of customer service. As a result of referring all complaints and issues to Chimane Rhodes of EBS for evaluation, problems are being resolved swiftly and accurately. Procedures and steps that DTIS, PPSD, HSS, and EBS will have to coordinate in order to get benefits processed should be complete by the January 25, 2001 meeting.

Current HSS systems issues
Bart Duncan announced that Sam Kwong of DTIS will be attending the monthly Board meetings to keep the Commissioners updated with info regarding the Wang system and other system upgrades.

Mr. Kwong announced that he has a back-up plan for the Wang hardware, however it is not being implemented.

Regarding the delinquency project, he reported that through the quality assurance process he had trouble matching delinquency reports and what was seen on the screen (computer). Therefore, he can't validate the reports and there isn't a pattern, which makes it difficult to locate and fix the problem. However, Mr. Kwong will continue to try to resolve the problem and give the Board an updated report.

Recent revisions to San Francisco Administrative Code, Section 16.700 et seq., regarding eligibility for membership in HSS.
Rebecca Saroyan presented to the Board the SF Administrative Code, Section 16.700 et seq., Ordinance No. 289-00, attached as **Schedule #6.**
Ms. Saroyan announced that for the first time in 13 years this document provides a consistent set of rules regarding coverage for city employees, school district, community college district, retirees, dependants, and Board & Commission members during their tenure of service. Ms. Saroyan reported that since April of last year, she and Bart Duncan coordinated with Supervisor Kaufman, the Board of Supervisors, DHR, unions, City Attorney Office and others to complete this ordinance. It will become effective as of January 22, 2001. The main change to note in this ordinance is that provisional employees are entitled to HSS benefits immediately upon hire. Bart Duncan announced that because of the ordinance revision, the rules and regulations manual would be updated. Ms. Saroyan said that she has already begun and she will present the new set of guidelines to HSS management. Mr. Duncan assured the Board that the coverage of provisional employees would not impact the Trust Fund.

01112001-03 Action Item

Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin:
Mike Kramer distributed to the Board the Highlights Report, attached as **Schedule #7**.
Plan 1 Trust net cash flow is $257,000 for fiscal year July 1, 2000-December 31, 2000.

Commissioner Welch noted that the pharmacy claims were lower than the contributions.

Staff Recommendation: Accept Report
Public Comments: None

Action: The Board moved and seconded to accept the financial report of Towers Perrin. Motion passed 6 to0.

01112001-04 Action Item

Resolution certifying the 10-County Survey amount for fiscal year 2001-2002.
Bart Duncan presented to the Board the Certification of the Average Contribution Under Ten-County Survey, attached as **Schedule #8.** Towers Perrin confirmed with Bart Duncan that the resolution was completed on January 2, 2001.

Staff Recommendation: Adopt resolution.

Action: The Board moved and seconded to adopt the resolution. Motion passed 6-0.

01112001-05 Discussion Item

Report on recent activities of the Rates & Benefits Committee and schedule for completion of determination of rates and benefits for fiscal year 2001-2002.
Commissioner Welch stated that the timeline for completion of the rate process is at the next Rates and Benefits meeting scheduled for January 23, 2001 and presentation for vote to the full Board is February 8, 2001. No additional meetings are scheduled. She reported that there are no recommendations to the full Board at this time for Action Items #6 and #7. There will be more discussions with the full Board regarding pharmaceutical benefits. Dental benefits and all other outstanding benefits that should be included in this year rating process will be discussed at the next meeting.

Public Comments: None

01112001-06 Action Item

Adoption of recommendations of the Rates and Benefits Committee regarding Dental Benefits for fiscal year 2001-2002.

Staff Recommendation: Adopt recommendations.

Public Comments: None

Action: Deferred until next meeting, February 8, 2001.

01112001-07 Action Item

Adoption of recommendations of the Rates and Benefits Committee regarding the City Health Plan (Plan 1) for fiscal year 2001-2002.

Staff Recommendation: Adopt recommendations.

Public Comments:

Action: Deferred until next meeting, February 8, 2001.

Rebecca Saroyan reminded the Board that a 2/3 vote is necessary in order to adopt the recommendation.

01112001-08 Discussion Item

Coverage of transsexual treatments and surgeries under medical plans.

President Heldfond stated that through reliable development over the years, the Board is prepared to pursue with diligence and set a time line for coverage of transsexual treatments and surgeries under medical plans based on the following documents:

- Insurance Coverage for Transsexual Employees of the CCSF, issued in October 1997 and prepared by HSB and Human Rights Commission (HRC), attached as **Schedule # 9.**
- A letter addressed to members of the Board from Rael & Letson, dated April 3, 1998, regarding 'Gender Identity Disorder and Transformation Benefits,' attached as **Schedule #10**.

President Heldfond requested that this item be referred to Commissioner Welch and the Rates & Benefits Committee for development of a timeline, blue print of the benefit, timing for the benefit, and timing for the effectiveness of the benefit. He stated that the Committee and the Board are ready to professionally work closely with the HMOs, advisors, and staff to attain these goals.

Jane Fronk of Kaiser Permanente stated that as of this date Kaiser has not implemented transgender surgery benefits. However, Kaiser is ready to move forward and work with the City to provide these benefits. Some of the needs that were outlined by Ms. Fronk for development of this coverage are: pricing, clarity of the benefit and what it includes and excludes, physician network to carry out services, and communication issues. While transgender surgery is not covered, Kaiser currently provides hormone treatment, psychological counseling and follow-up treatments from surgery complications. Clarification was made by Commissioner Welch that ancillary services listed by Kaiser are currently covered under Plan 1. Ms. Fronk added that this plan is offered to all of the City & County of San Francisco.

Supervisor Mark Leno reported to the Board that his office developed the transgender human civil rights task force. The task force meets regularly to address transgender and transsexual issues and discriminatory in-acuity that affect approximately 15,000 people in CCSF. Mr. Leno expressed approval of the Board's move to provide coverage for transsexual treatments and surgeries under medical plans and stated that he and his staff are available to work and assist the Board in accomplishing these goals. Commissioner Welch inquired about assistance regarding obtaining an estimate of cost for transgender surgery. President Heldfond stated that it is essential for the Committee to have these cost estimates and if possible, without having to do a study. He assured Supervisor Leno that the Board and the Rates & Benefits Committee will work with him in achieving this goal. The following persons presented statements regarding their support of coverage for transsexual treatments and surgeries under medical plans:

- Marcus Arana of HRC
- Larry Brinkin, HRC
- Judy Van Maasdam, Gender Identity Specialist-
- Claire Skiffington, DPH
- Lawrence Ofoa, Representing Mayor Willie Brown.
- Stephen Thorne, SFPD

Commissioner Welch stated that she would be interested hearing the points of consumers and meeting with

Supervisor Mark Leno and his staff regarding the kinds of benefits needed in the development and design of a benefit package which includes medical coverage for transsexual treatments and surgeries. She suggested that these meetings should occur before the Rates & Benefits Committee meeting. Bart Duncan stated that he would make meeting arrangements with Marcus Arana of the HRC.

President Heldfond stated that this item would be deferred to the Rates and Benefits Committee. Commissioner Welch reminded everyone that the next Committee meeting is Tuesday, January 23, 2001 from 10 AM to 1 PM in Room 416.

Public Comments:

01112001-09 Discussion Item **Report from PacifiCare on the status of its network in El Dorado County.**

Pam Morton of PacifiCare presented the following documents:

- PacifiCare letter dated January 11, 2001, attached as **Schedule #11**
- Update from PacifiCare/Secure Horizons El Dorado County, attached as **Schedule #12.**

PacifiCare is currently under contract negotiations with Hill Physician to add physicians from the El Dorado network to Hill Physician. Ms. Morton introduced her new PacifiCare assistant from Houston Texas, Mr. Ervin Smith.

Public Comments: None

01112001-10 Discussion Item **Report from Health Net on recent misrelease of confidential mental health information and consequent preventive measures, and report by Kaiser, UBH and Blue Shield on their respective preventive measures.**

Joanne Haggerty said that on December 8, 2000, Health Net released a mailing to physicians who are under confidentiality agreements regarding anti depression. As a result of a programming error, all physicians were contacted and follow-up was made regarding pharmacy information.

In the future all releases are required to have an executive signature prior to release. Doug Elkins and Sharon Parson of Blue Shield reported that a newsletter was recently sent to their members regarding rules and regulations related to confidentiality. Sharon Fusco of UBH presented to the Board the U.S. Behavioral Health Plan, California Care Management Policies and Procedures, attached as **Schedule #13.** This policy was adopted by U.S. Behavioral Health and Blue Shield. Cynthia Jordan of Kaiser Permanente stated that Kaiser is committed to recent legislation and laws regarding patient confidentiality, in addition to being in compliance with NQCA accreditation measures. Integrated delivery care system is when the local physicians team up with the local pharmacists. This offers better security because it is not necessary to go through the health plan to research a customer's medical record. Kaiser also uses an internet base systems that is secure and is password protected. Commissioner Zvanski asked the HMOs if they coordinate confidentiality with medical research/work regarding members on the internet and what steps have they taken to preserve security and protection from hackers. Ms. Jordan of Kaiser reported that their systems confidential records are protected from hackers by firewalls and through secure sites. Joanne Haggerty said that Health Net has an internet system which consists of four external carriers that uses the system to communicate with providers. This internet system is secure with firewalls and pin codes that protects it from hackers. Douglas Elkins of Blue Shield and UBH responded that their internet systems are secure with firewalls and used according to confidentiality rules and regulations.

Public Comments: None

01112001-11 Action Item

Resolution regarding upcoming election for member of the Health Service Board.

Bart Duncan presented to the Board the Notice of Health Service Board Election, Exhibit A, attached as **Schedule #14** and the DRAFT of the resolution of the 2001 Health Service Board Election, attached as **Schedule #15**. Mr. Duncan stated that it has been two years since the last election and Rebecca Saroyan has been working with updating the resolution.

Dates for the election are May 9-23, 2001.

Ms. Saroyan said that the Health Service Ballots are in the same format as the retirement ballot. Commissioner Zvanski and the Board agreed that the ballots are fine and that there should not be any confusion when it is time to vote. Commissioner Paretchen's seat is up for election. The Board noted that Commissioner Paretchan has served on the Health Service Board for 30 years, which is longer than any other elected or appointed Commissioner's service.

Staff Recommendation: Adopt resolution.

Public Comments: None

Action: Board moved and second to adopt the resolution. Motion passed 6-0.

01112001-12 Action Item

Approval of selection of COBRA administration vendor, subject to successful negotiation of final contract.
Mr. Duncan announced that the pre-selection process pursuant to the RFP for COBRA Administrative Services is complete. Three proposals were received and evaluated by a Selection Panel which consisted of:

- Bart Duncan, Deputy Director of HSS
- Diana Ferrari, Manager, Membership Group
- Yvonne Hudson, Assistant Deputy Director of HSS
- Steve Lucich, Principal Accountant
- Ray Wong, Deputy Director, Information Services

Roland Mittica was present and offered services as a consultant and did not vote.

Bart Duncan presented the summary of the RFP for COBRA Administration, attached as **Schedule #16** and Request for Proposals for COBRA Administrative Services, attached as **Schedule #17**. The following RFPs are in the Commission files: Sykes Health Plan Service, **Schedule #18**, Ceridian Benefits Services, **Schedule #19**, and Benefit Compliance, Inc., **Schedule #20**.

Mr. Duncan announced that Sykes Health Plan Services Bureau (SHPS) had the highest score and selection was based on cost, range of services, and performance guarantees.

Staff Recommendation: Approve selection of SHPS Vice President Zvanski commented that the Board wished that they could have received the RFPs earlier so that they could review them prior to the meeting. Mr. Duncan apologized for the delay. SHPS is located in Louisville, Kentucky, but has a office in Southern California. Mr. Duncan introduced Mr. Roger Irions of SHPS. Mr. Irons stated that SHPS has been administering COBRA since 1986. Mr. Irons confirmed to the Board that the quarterly management reports from their internal quality control are deliverable and are standard.

Public Comments: Diane Hermann had a question regarding the funding for COBRA administration contract.

Action: Motion was moved and seconded to accept the selection of SHPS based on the recommendation of the Selection Panel. Motion passed 6-0.

01112001-13 Action Item

Approval of amendment of rules and regulations regarding cell phones and enrollment of domestic partners.

Mr. Duncan stated that this is an attachment to the original rules and regulations and it relates to stream lining enrollment of domestic partners and makes their enrollment similar to the federal enrollment of a spouse. The Board received the following attachments:

- Health Service System Rules and Regulations, Part II Membership and Coverage, attached as **Schedule #21**.
- Enrolling A Domestic Partner, attached as **Schedule #22.**
- Declaration for Enrollment of Domestic Partners, attached as **Schedule #23**.

Rebecca Saroyan said that the rules and ordinance for the cell phones would be included in the minutes for next month's meeting.

Staff Recommendation: Adopt recommendations.

Public Comments: None

Action: Moved and seconded to adopt amendment of rules and regulations regarding cell phones and enrollment of domestic partners. Motion passed 6-0.

01112001-14 Discussion Item Opportunity to place items on future agendas

Public Comments: None

01112001-15 Discussion Item Opportunity for the public to comment on any matters within the Board's jurisdiction.

Public Comments: Diane Hermann inquired about documents supplied by Blue Shield regarding confidential material and drug/pharmacy changes in benefits and how they will effect retirees.

Adjourn: 3:35 PM

HEALTH SERVICE BOARD

NOTICE AND AGENDA

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Special Meeting
Thursday, February 8, 2001
12:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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☐ **Call to Order**

☐ **Roll Call**

President Heldfond
Vice President Zvanski
Commissioner Deignan
Commissioner Fraser
Commissioner Paretchan
Commissioner Welch
Commissioner Yee

☐ **02082001-01S** **Discussion Item** **Public comment on all matters pertaining to the closed sessions**

Public Comments:

☐ **02082001-02S** **Action Item** **Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel (San Francisco Administrative Code section 67.10(d))**

Staff Recommendation: Hold closed sessions

Public Comments:

Action:

CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(C) AND 54956.9(B)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D)

Closed Session I: Consideration of the following appeal pursuant to Section 12.200(5)

☐ **02082001-03S** **Action Item** **Appeal to waive payment of contributions (HSS No. 61204-00).**

Staff Recommendation: Deny appeal

Action:

☐ **02082001-04S**	**Action Item**	**Appeal to change medical plans (HSS No. 58618-00).** Staff Recommendation: Permit change Action:

Closed Session II: Conferences with legal counsel

☐ **02082001-05S**	**Discussion Item**	**Anticipated litigation** Number of cases: 1 X as defendant Action:
☐ **02082001-06S**	**Action Item**	**Anticipated litigation** Number of cases: 3 X as defendant Action:

RECONVENE IN OPEN SESSION

☐ **02082001-07S**	**Action Item**	**Possible report on action taken in closed session** (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2)) Action:
☐ **02082001-08S**	**Action Item**	**Vote to elect whether to disclose any or all discussions held in closed session** (San Francisco Administrative Code section 67.12 (a)) Action:
☐ **02082001-09S**	**Discussion Item**	**Opportunity to place items on future agendas**
☐ **02082001-10S**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction** Public Comments:

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call Arnetta Brown at 554-1727.

DISABILITY ACCESS

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

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KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, Boards, Councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Rachel Arsntine-O'Hara by mail to Administrative Services, #1 Dr. Carlton B. Goodlett Place, Room 362, by phone at (415) 554-6171, by fax at (415) 554-6177 or by email at Rachel_ArnstineO'Hara@ci.sf.ca.us

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HEALTH SERVICE BOARD
SPECIAL MEETING MINUTES
Thursday, February 8, 2001
12:00 Noon

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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PLEDGE OF ALLEGIANCE
CALL TO ORDER: 12:05 PM
ROLL CALL

President Heldfond
Vice President Zvanski
Commissioner Deignan, Excused
Commissioner Van Runkle
Commissioner Paretchan
Commissioner Welch
Commissioner Leno

02082001-01S	**Discussion Item**	**Public comment on all matters pertaining to the closed sessions.** **Public Comments: None**
02082001-02S	**Action Item**	**Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel** (San Francisco Administrative Code section 67.10(d)). Staff Recommendation: Hold closed sessions. Public Comments: None Action: Board moved and seconded to hold closed sessions to hear appeals and to confer with legal counsel. Motion passed 6-0.

CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION

Closed Session 1: Consideration of the following appeal pursuant to Section 12.200(5) of the Charter.

02082001-03S	**Action Item**	**Appeal to waive payment of contributions (HSS No. 61204-00)**

Staff Recommendation: Deny appeal

Action: Voted not to report.

02082001-04S **Action Item** **Appeal to change medical plans (HSS No. 58618-00).**

Staff Recommendation: Permit change

Action: Voted not to report.

Closed Session II: Conferences with legal counsel

02082001-05S **Discussion Item** **Anticipated litigation**

Number of cases: 1

X as defendant

Action: Voted not to report.

02082001-06S **Discussion Item** **Anticipated litigation**

Number of cases: 3

X as defendant

Action: Voted not to report.

RECONVENE IN OPEN SESSION

02082001-07S **Action Item** **Possible report on action taken in closed session** (Government Code Section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2)).

Public Comments: None

Action: Voted not to report.

02082001-08S **Action Item** **Vote to elect whether to disclose any or all discussions held in closed session** (San Francisco Administrative Code section 67.12 (a))

Public Comments: None

		Action: Board moved and seconded not to disclose discussions held during closed session. Motion passed 6-0
020820001-09S	**Discussion Item**	**Opportunity to place items on future agendas.** **None**
020820001-010S	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** **Public Comments: None**

Adjourn: 12:35 PM

HEALTH SERVICE BOARD

NOTICE AND AGENDA

Regular Meeting
Thursday, February 8, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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☐ **Pledge of Allegiance**

☐ **Call to Order**

☐ **Roll Call**

President Heldfond
Vice President Zvanski
Commissioner Deignan
Commissioner Van Runkle
Commissioner Paretchan
Commissioner Welch
Commissioner Yee

☐ **02082001-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meetings:

- **Special Meeting of January 11, 2001**
- **Regular Meeting of January 11, 2001**

Documents provided to Board prior to meeting: Draft version of minutes for each meeting

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

☐ **02082001-02** **Discussion Item**

Report of Health Service System staff and legal counsel regarding the following matters:

- **New Assistant Manager, City Health Plan Group (Bart Duncan)**
- **Next Finance and Budget Committee meeting (Bart Duncan)**

- **Catholic HealthCare West contracts (Bart Duncan)**
- **Status of 10-County Certification with Board of Supervisors (Bart Duncan)**
- **Transgender Benefits Task Force (Bart Duncan)**
- **City Health Plan Group, including status of claims processing (Beaulah Smith)**
- **Membership Group, including weekly telephone reports, member invoices and web site improvements (Diana Ferrari)**
- **Overview of Open Enrollment plans (Diana Ferrari)**
- **Finance Group, including status of delinquency termination program (Bob Hencier)**
- **Administration of Management Cafeteria Plan (Yvonne Hudson)**
- **Current HSS systems issues; disaster recovery plan (Sam Kwong, DTIS)**
- ***Local 21 v. CCSF et al.* (Molly Stump and Rebecca Saroyan, Deputy City Attorneys)**

Documents provided to Board prior to meeting:

❶ *Claims processing status report*

❷ *Weekly telephone reports*

❸ *Open Enrollment timeline*

☐ **02082001-03** **Action Item**

Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Mike Kramer, Towers Perrin)

Documents provided to Board prior to meeting: Draft report

Staff Recommendation: Accept report

Public Comments:

Action:

☐ **02082001-04** **Action Item**

Presentation and acceptance of KPMG management letter in connection with audited financial statements for fiscal year 1999-2000 (Tiffany Rasmussen, KPMG)

Documents provided to Board prior to meeting: Draft management letter

Staff Recommendation: Accept management letter

Public Comments:

Action:

RATES AND BENEFITS MATTERS

☐	**02082001-05**	**Discussion Item**	**Report on final recommendations of the Rates & Benefits Committee for fiscal year 2001-2002 (Commissioner Welch)** *Documents provided to Board prior to meeting: Summary of 2001-2002 Rates and Benefits Activity prepared by Towers Perrin* Public Comments:
☐	**02082001-06**	**Action Item**	**Adoption of final rates and benefits for fiscal year 2001-2002** *Documents Provided to Board prior to meeting: None.* Staff Recommendation: Adopt final recommendations of Rates and Benefits Committee Public Comments: Action:

END OF RATES AND BENEFITS MATTERS

☐	**02082001-07**	**Discussion Item**	**Report by Blue Shield, Health Net and PacifiCare on status of network in Napa County, including status of relationship with Napa County Physicians IPA** *Documents provided to Board prior to meeting: Sample Blue Shield communications* Public Comments:
☐	**02082001-08**	**Discussion Item**	**Report by Blue Shield, Health Net and PacifiCare on status of relationship with John Muir/Mt. Diablo hospital** Public Comments:
☐	**02082001-09**	**Discussion Item**	**Opportunity to place items on future agendas** Public Comments:
☐	**02082001-10**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction** Public Comments:

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3/01

HEALTH SERVICE BOARD
REGULAR MEETING MINUTES
Thursday, February 08, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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PLEDGE OF ALLEGIANCE
CALL TO ORDER
ROLL CALL

President Heldfond
Vice President Zvanski
Commissioner Deignan, Excused
Commissioner Van Runkle
Commissioner Paretchan
Commissioner Welch
Commissioner Leno

02082001-01 Action Item

Approval (with possible modifications) of the minutes of the following meetings:

- Special Meeting of January 11, 2001
- Regular Meeting of January 11, 2001

Staff Recommendation: Approve draft minutes. Commissioner Zvanski requested clarification and several amendments to the draft of the Regular Meeting minutes of January 11, 2001.

Public Comments: None

Action: The Board moved to defer approval of the draft of the Regular Meeting minutes of January 11, 2001 until recommended revisions are made and reviewed prior to the next meeting. The Board moved and seconded to approve the draft minutes of the Special Meeting of January 11, 2001. Motion passed 5-0.

02082001-02	**Discussion Item**	**Report of Health Service System staff and legal counsel regarding the following matters:**

New Assistant Manager, City Health Plan Group.
Bart Duncan introduced Antoinette Candelaria, as the new Assistant Manager for the City Health Plan Group. Ms. Candelaria will be assisting the CHP Manager, Beaulah Smith.

Next Finance and Budget Committee Meeting.
Commissioner Zvanski will Chair the Finance and Budget Committee meeting scheduled to begin on Wednesday, February 14, 2001, from 10 AM to 1 PM, at City Hall, in Hearing Room 416.

Bart Duncan reported that he has not received any nominations to fill the HSB seat that will expire May 12, 2001 (Commissioner Paretchan is retiring). Nominations to fill this position will close on February 12, 2001.

Catholic HealthCare West contracts.
Bart Duncan announced that the Catholic HealthCare West contracts are open for renegotiations with the City Health Plan and discussions have already begun. Mr. Duncan will keep the Board informed of the progress of negotiations at future Board meetings.

Status of 10-County Certification with Board of Supervisors.
The 10-County certification has been turned over to the Board of Supervisors for processing. It will go to the full Board for assignment to a committee by next Monday, February 12, 2001 and to the Finance Committee calendar by February 28, 2001.

Customer Service Task Force.
President Heldfond announced to the Board that Commissioner Aleeta Van Runkle has agreed to lead the Customer Service Task Force, a position left vacant since Jean Fraser left the Board. The task force will have to choose its members.

Transgender Benefits Task Force.
President Heldfond announced the creation of the Transgender Benefits Task Force and the acceptance of Dr. Melissa Welch to work as its manager. President Heldfond reported that it is important for the Transgender Task Force to address issues regarding rates and benefits and clarify questions regarding present and future transgender benefits. He complimented Dr. Welch for her hard work and commitment with the transgender issues as Chair of the Rates & Benefits Committee. The task force will choose its members.

President Heldfond and Bart Duncan welcomed Supervisor Mark Leno as a new member to the Board.

City Health Plan (CHP) Group, including status of claims processing.
Beaulah Smith presented the Medical Claims Reports attached as **Schedule No. 1** and **Schedule No. 2**. Ms. Smith reported that the most recent report shows staffing at 76% and working days outstanding down to 15.82%. Two new technicians have been hired with CHP and are in the process of completing their training.

Membership Group, including weekly telephone reports, member invoices and web site improvements.
Diane Ferrari presented to the Board a year to date summary of the telephone activity report attached as **Schedule No. 3**. Ms. Ferrari reported that the drop in abandoned calls and the percentages in service level illustrate the importance of additional staffing. One new benefits analyst will begin work on Monday; one benefits analyst and two technicians are leaving. The vacancies will be filled as soon as possible. There have been meetings with DTIS regarding website enhancements. Some of the improvements include having our own HSS website, hyper-links to vendors, and City Health Plan will have a link through the HSS website to Beech Street which will allow members to find participating vendors on line. Future goals for the website include having the enrollment video (upon completion) on the web and the ability to download some of the Open Enrollment forms.

Overview of Open Enrollment plans.
Diane Ferrari presented the following documents:

1. Open Enrollment Timeline for fiscal year 2001-2002 attached as **Schedule No. 4**.
2. Open Enrollment Team Assignments attached as **Schedule No. 5**.
3. A sample cover letter that will be included in the Open Enrollment packet is attached as **Schedule No. 6**. The cover letter notifies the members of the following:

- Their current level of benefits.
- The member will not have to do anything if there are no changes.
- Members have to reapply for dependent day care and health care spending accounts.
- A requirement to have marriage certificate for spouse and a birth certificate for new additions. A copy of the affidavit and domestic partner declaration is necessary to enroll a domestic partner.

Ms. Ferrari reported that payroll stuffers will be used again and will read the same as last year. Hopefully, they will be distributed with the February 27th paychecks instead of March13th, as stated in the timeline. The Community College and the SF School District were alerted last year that the voluntary dental coverage will not be offered to them this year. The health plan comparison sheet will not be included in the Open Enrollment packet this year, but will be separate and available to members upon request.

Commissioner Welch noted that second to last paragraph in the Open Enrollment letter to "Tom Cruise" presently reads as if birth certificates are needed for all children and should be revised to say....new children.

Finance Group, including status of delinquency termination program.
Bob Hencier reported that the program is ready to run and there are no new changes to report.

Administration of Management Cafeteria Plan
Yvonne Hudson reported that she has had two meetings with EBS regarding issues around the health

administration. Lack of clarification of responsibilities between EBS and HSS has caused major problems regarding the processing of benefits. Ms. Hudson said that meetings with payroll, vendors, etc. have helped in developing solutions, but the problems continue to be constant and exhaustive. Bart Duncan reported that the contract with EBS expires on June 30th and contains only 2 pages of details regarding responsibilities and do not address the problems that have occurred with EBS. As a direct result of the problems with EBS, Mr. Duncan announced the development of a desk manual that will outline the procedures and responsibilities of PPSD, HSS and the TPA and will ensure that everyone will be operating from the same information. This manual will be available for each affected department and is in addition to the vendor's contract.

Current HSS Systems issues; disaster recovery plan
Sam Kwong announced that as a result of a worker's failure to quality check his work before going on vacation and giving it to Diane Ferrari, all of data on the premium statements was incorrect. Mr. Kwong reported that Ms. Ferrari noticed the errors and contacted him. He apologized to the Board for this incident and said that just before the meeting Diane Ferrari received an updated set of premium statements that are currently being issued by another person on his staff. The termination letter was delayed because of another personnel problem and Mr. Kwong promised the Board that the dry run of the letter would be done by the first of March. Commissioner Zvanski reminded Mr. Kwong that continued delays of the delinquency letters will contribute to the increased cost of delinquent premiums and ultimately the shock of members who will receive them. Mr. Kwong assured the Board that that the deadlines set will be met. The six month retroactive adjustment reports for Kaiser, PacifiCare, and Health Net have been fixed and reviewed with the business users.

Mr. Kwong reported that he was unsuccessful in finding anyone to offer service on the Wang System in case of a disaster. Therefore, he suggested that HSS meet with Sandy Holmes, Payroll Manager, regarding the PPSD disaster recovery site and what to do in case of an emergency. Mr. Kwong stated that he is looking for hot sites with a back-up generator in case of emergency.

Commissioner Zvanski suggested that Mr. Kwong check sites such as DPW and other areas outside the OES Center that already have back-up generators. Bart Duncan stated that an update would be given to the Board at a future meeting.

Local 21 v. CCSF et al.
Deputy City Attorney, Molly Stump, reported that she represented the Board and the City in litigation against Local 21 who alleged that they violated the Local 21 contract by not bargaining Plan 1 benefits changes made in 1999. Ms. Stump reported that the Superior Court rejected the union's claim and ruled in favor of the City. The union appealed the decision and last week the Appellate Court upheld the ruling made by the Superior Court and rejected the claims of the union.
Rebecca Saroyan, Bart Duncan, and the Board thanked Ms. Stump for the successful representation.

02082001-03 **Action Item** **Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.**

Mike Kramer presented to the Board highlights of the financial report attached as **Schedule No. 7**. Mr. Kramer thanked HSS Finance staff, Richard White and Karen Chan for their assistance in getting the financial report complete in advance of the Board meeting.

Staff Recommendation: Accept report

Public Comments: None
Action: Moved and seconded by the Board to accept the financial report. Motion passed 6-0.

02082001-04 **Action Item** **Presentation and acceptance of KPMG management letter in connection with audited financial statements for fiscal year 1999-2000.**

Tiffany Rasmussen of KPMG presented to the Board the Presentation of 2000 Management Letter attached as **Schedule No. 8**. Ms. Rasmussen stated the purpose of the management letter is to communicate internal control weaknesses and performance improvement observations. Ms. Rasmussen commented that current staff such as Steve

Lucich has the skills necessary to address the material weaknesses. The letter written by KPMG to Edward Harrington, Controller, dated December 15, 2000 is attached as **Schedule No. 9**. Ms. Rasmussen thanked HSS management and Accounting staff for the success of the audit and the Board extended thanks to John Madden for his contributions to the completion of the audit.

Staff Recommendation: Accept management letter

Public Comments: None

Action: Moved and seconded by the Board to accept the management letter. Motion passed 6-0.

02082001-05 **Discussion Item** **Report on final recommendations of the Rates and Benefits Committee for fiscal year 2001-2002.**

President Heldfond complimented the strenuous work and narrow timeline under which Bart Duncan, his staff and Commissioner Welch worked in order to complete this report. Commissioner Welch presented to the Board the "Report on the Activities of the Rates and Benefits Committee for FY 2000-2001 and Recommendations for Full Board Adoption of Plan Design, P-30 for FY 2001-2002" attached as **Schedule No. 10**. Commissioner Welch thanked Towers Perrin for their professional services and detailed commitment and attention to the work that contributed to this formal recommendation. She also thanked Bart Duncan and his staff, the HMO representatives, and benefit vendors for working collaboratively with the Rates and Benefits Committee. Special thanks were given to Commissioner Zvanski and the Board for their support and commitment to working with her and the Health Service staff to complete their work. Commissioner Welch's report included the following recommendations:

- A summary of the Rates and Benefits Committee Recommendations provided for the Board and the public on pages 4-16 of the Towers Perrin Exhibit, *Summary of 2001-02 Rates and Benefits Activity, February 8, 2001.*
- Details of discussions and Committee findings are summarized on pages 20-32 of the exhibit.

- Recommendation to the full Board, Benefit Design scenario, P-30, which is outlined in Appendix F, page F-8 of the same exhibit referenced here:
  - Benefit design, P-30, is one that both provides for an expanded and comprehensive array of health, vision and dental benefits that offers something for all categories of City workers, and is fiscally responsible in its design, thereby honoring the fiduciary responsibility of the Health Services Board.
  - Urges all of the Commissioners to vote in favor of the benefit design package that is endorsed by the Rates and Benefits Committee. Recommended as a responsible and responsive package.

President Heldfond informed the public that the Commissioners have completed the process of discussing every benefit between the Committee and the Board. Therefore, the Board will not go into details regarding Commissioner Welch's recommendations unless there is a request, or question presented by the public.

Commissioner Zvanski asked Towers Perrin to explain why the hearing aid benefit was changed from a 2 year (24 months) plan to a 3 year (36 months) plan. The 3 year plan is not considered comfortable or to be user friendly. The Board had agreed that it would be better to charge members $1000 every 2 years or $2000 every 3 years. Roland Mittica reported that the hearing aid is a front end loaded benefit and any member that will take advantage of the Plan for the hearing aid benefit would use it during the first year. Therefore, the 3-year benefit would have no impact on the member during the first year and it would be safe to wait and review it next year for a difference in cost.

Public Comments: The following persons made comments regarding the recommendations of the Rates & Benefits Committee and the transgender benefits issue:

- Marcus Arana, Human Rights Commission
- Virginia Harmon, Human Rights Commission
- Lisa Middleton, Trans-Gender Task Force
- Tim O'Brien, President of the Retired Employees of CCSF.

- Stephen Thorne, SFPD

President Heldfond cautioned everyone to not lose focus on the pharmacy costs and the purpose of the deductible. He said that the purpose of the deductible is not punitive but rather for cost effective purposes for hard times in the future.

Commissioner Paretchan commented about all board members not having an opportunity to attend the task force meetings regarding transgender issues and the rising cost of benefits.
Commissioner Zvanski commented about the importance of the task force's help to establish a PPO network and to inform members of the transgender benefits. Supervisor Leno commented about the importance of having equal benefits for equal work.

02082001-06 **Action Item** **Adoption of final rates and benefits for fiscal year 2001-2002.**

Staff Recommendation: Adopt final recommendations of Rates and Benefits Committee.

Public Comments: None

Action: It was moved by Commissioner Zvanski to adopt P-130 for Plan 1, B-12, K-12 and H-12 for the three HMOs. President Heldfond asked the Commissioners to vote by show of hands. 5 hands were raised in favor of the adoption and 1 vote (Commissioner Paretchan) declined the adoption. The motion passed 5-1.

02082001-07 **Discussion Item** **Report by Blue Shield, Health Net and PacifiCare on status of network in Napa County, including status of relationship with Napa County Physicians IPA.**
Doug Elkins of Blue Shield reported that Blue Shield was recently notified by Napa County Physicians IPA of financial and operational difficulties. This forced Blue Shield to terminate their agreement and they will no longer be offering the HMO product in Napa County. Letters were sent to the members announcing Blue Shield's termination of their agreement with Napa County IPA. The letter to members is attached as **Schedule No. 11**, the

letter mailed to the employer is attached as **Schedule No. 12**, and the letter sent to the broker is attached as **Schedule No. 13**. Commissioner Zvanski requested that Blue Shield try to do whatever they can to broaden the area of service in order to remain viable with the Board. Joanne Haggerty of Health Net stated that as of Friday, Napa IPA was given a 90 day notice to appropriately restructure by April 30th or Health Net will go directly into individual contracts with the providers. Aaron Smith of PacifiCare presented a copy of letter that was sent to members regarding any questions or clarifications regarding their primary medical group, Napa Valley Physicians. A copy of this letter was sent to Bart Duncan on February 7, 2001 and is attached as **Schedule No. 14**. Mr. Smith reported that only 40 Health Plan members are effected by the Napa Valley IPA issue; 17 of the 40 are retirees while the remaining 23 are active employees. Their names and addresses have been faxed to Bart Duncan.

Public Comments: None

02082001-08 **Discussion Item** **Report by Blue Shield, Health Net and PacifiCare on status of relationship with John Muir/Mt. Diablo hospital.**

Ervin Smith of PacifiCare reported that the John Muir/Mt. Diablo Hospital contract is under negotiations and is close to being settled. The effective date will be in May. The PPO side of the contract will not be up for renewal until the end of the year and will not have any effect on the current membership. Joanne Haggerty of Health Net reported that Health Net is still in contract negotiations with John Muir/Mt. Diablo and they do not anticipate any problems. Doug Elkins of Blue Shield announced that they are currently having contract negotiations with John Muir/Mt. Diablo for HMO and PPOs and things seems to be moving forward and will keep the Board up to date on the situation.

Public Comments: Tim O'Brien, President of the Retirees Association expressed concerns regarding increasing cost of Medicare for the retirees and the decreased availability of service.

Jean Thomas of the Retirees Association asked about the timeline of the Napa IPA changes.

02082001-09 **Discussion Item** **Opportunity to place items on future agendas.**

Public Comments: Diane Hermann inquired about the dental coverage for retirees for the next plan. Tim O'Brien expressed the importance of HSS staffing and how it effects customer service and offered the retirees' support, if necessary.

02082001-10 **Discussion Item** **Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Public Comments: None

Adjourn: 3:03 PM

HEALTH SERVICE BOARD

NOTICE AND AGENDA

/01

Regular Meeting
Thursday, March 8, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐ **Pledge of Allegiance**

☐ **Call to Order**

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☐ **Roll Call**

President Heldfond
Vice President Zvanski
Commissioner Deignan
Commissioner Van Runkle
Commissioner Paretchan
Commissioner Welch
Commissioner Leno

☐ **03082001-01** **Action Item** **Approval (with possible modifications) of the minutes of the following meetings:**

- **Regular Meeting of January 11, 2001**
- **Special Meeting of February 8, 2001**
- **Regular Meeting of February 8, 2001**

Documents provided to Board prior to meeting: Draft version of minutes for each meeting

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

☐ **03082001-02** **Discussion Item** **Reports of Health Service System staff and legal counsel regarding the following matters:**

- **Staff Changes (Bart Duncan)**
- **Health Service Board nominees (Bart Duncan)**
- **Status of 10-County Certification with Board of Supervisors (Bart Duncan)**

- **Status of Rate Approval by Board of Supervisors (Bart Duncan)**
- **City Health Plan Group, including status of claims processing (Beaulah Smith)**
- **Membership Group, including weekly telephone reports (Diana Ferrari)**
- **Open Enrollment plans (Diana Ferrari)**
- **Finance Group, including status of delinquency termination program (Bob Hencier)**
- **Current HSS systems issues (Sam Kwong, DTIS)**
- **Contracts for fiscal year 2001-2002 (Rebecca Saroyan)**

Documents provided to Board prior to meeting:

❶ *Claims processing status report*

❷ *Weekly telephone reports and graphs*

❸ *Updated Open Enrollment timeline*

☐ **03082001-03** **Action Item** **Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Mike Kramer, Towers Perrin)**

Documents provided to Board prior to meeting: Draft report

Staff Recommendation: Accept report

Public Comments:

Action:

FINANCE AND BUDGET MATTERS

☐ **03082001-04** **Discussion Item** **Report on recent activities and recommendations of the Finance and Budget Committee (Commissioner Zvanski)**

Documents provided to Board prior to meeting: None

Public Comments:

☐ **03082001-05** **Action Item** **Resolution authorizing expenditure of up to $375,000 from the Trust Fund for Open Enrollment expenses**

Documents provided to Committee prior to meeting: Draft resolution

Staff Recommendation: Adopt resolution

Public Comments:

Action:

☐ **03082001-06**	**Action Item**	**Resolution authorizing the expenditure of up to $80,000 from the Trust Fund for the active and retiree City Plan Guides for fiscal year 2001-2002** *Documents provided to Committee prior to meeting: Draft resolution* Staff Recommendation: Adopt resolution Public Comments: Action:

END OF RATES AND BENEFITS MATTERS

☐ **03082001-07**	**Discussion Item**	**Report by Kaiser correcting the scope of infertility benefits offered under its plans for fiscal year 2001-2002 (Jane Fronk, Kaiser)** *Documents provided to Board prior to meeting: None* Public Comments:
☐ **03082001-08**	**Action Item**	**Amendment to HSS rules and regulations** *Documents provided to Board prior to meeting: Copy of amendment* Staff Recommendation: Approve amendment Public Comments: Action:
☐ **03082001-09**	**Discussion Item**	**Opportunity to place items on future agendas** Public Comments:
☐ **03082001-10**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction** Public Comments:

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HEALTH SERVICE BOARD
REGULAR MEETING MINUTES

Thursday, March 8, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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PLEDGE OF ALLEGIANCE
CALL TO ORDER
ROLL CALL

President Heldfond, Excused
Vice President Zvanski
Commissioner Deignan
Commissioner Van Runkle
Commissioner Paretchan
Commissioner Welch, Excused
Commissioner Leno, Excussed

02082001-01 Action Item

Approval (with possible modifications) of the minutes of the following meetings:

- Regular Meeting of January 11, 2001
- Special Meeting of February 8, 2001
- Regular Meeting of February 8, 2001

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: Motion was moved and seconded to approve with amendments, the minutes of the Regular Meeting of January 11, 2001, Regular Meeting of February 8, 2001, and the Special Meeting of February 8, 2001. Motion passed 3-0.

03082001-02 Discussion Item

Report of Health Service System staff and legal counsel regarding the following matters:

Staff Changes

Mr. Duncan has accepted the Chief Operating Officer (COO) position with the San Francisco Health Plan and will be leaving the Health Service System at the end of the month.

Mr. Duncan reviewed the status of the following objectives and goals set at the beginning of his term as Deputy Director of HSS 15 months ago:

- Developed a Mission Statement for the Health Service System:
  "The San Francisco Health Service System is dedicated to providing outstanding health and other employee benefits to its members while adhering to the highest standards of customer service."
- Developed and created a HSS team that is capable of carrying out and achieving set goals and objectives. This team includes Yvonne Hudson, Assistant Deputy Director and a group potential and prospective senior managers.
- Transformed the report of the HSS Deputy Director to the HSB to a monthly staff report by the senior management.
- Change the meaning of the CCSF acronym to:
  C-Communication
  C- Customer Service
  S- Systems
  F- Finance
- Development of the HSS web site.
- Regular staff meetings.
- Customer Service improvements.
- Successful Open Enrollment.
- Membership and CHP are now role models used by other jurisdictions.
- Systems implementation is the biggest challenge and concern.
- Regular update and report of finances and focus on the Trust Fund and the General Budget to the HSB Board.

Mr. Duncan reported that he is happy to announce that Yvonne Hudson will replace him as the Deputy Director of Health Service System. He assured the Board of Ms. Hudson's ability to fill the position and the search has begun by Andrea Gourdine to fill the Assistant Deputy Director position. Mr. Duncan extended expressions of appreciation to the HSS staff, HSB members, vendors, contractors, etc. for their efforts in making these endeavors a reality.

Vice President Zvanski and the Board thanked Mr. Duncan for all his accomplishments and services that put HSS on the right track as a well known professionally operated office.

Health Service Board nominees.
The two nominees for the Health Service Board are Karen Breslin and Evelyn Crane. Both nominees are retirees. The HSB Election will be May 9-23, 2001.

Status of 10-County Certification with Board of Supervisors.
Mr. Duncan reported that the Board of Supervisors approved the certification of the 10-County amount at the Finance Committee meeting on Monday, March 7, 2001.

Status of Rate Approval by Board of Supervisors
Bart Duncan announced that he will present a letter recommending the rate approval to the Board of Supervisors and that Supervisor Mark Leno will be the sponsor.

City Health Plan Group, including status of claims processing.
Beaulah Smith presented the Medical Claims Reports, attached as **Schedule #1** and **Schedule #2** (revised copy). The report showed that the claims are up and down. Ms. Smith said that the number of outstanding claims for next month should be down. A new Benefits Analyst will begin work on March 19, 2001.

Membership Group, including weekly telephone reports.
Sandi Lockwood presented the following telephone reports to the Board:

- Membership Summary Sheet attached as **Schedule # 3**.
- Average Speed Answer, attached as **Schedule #4**.
- Membership Abandoned Calls, attached as **Schedule #5**.
- Average Staff, attached as **Schedule #6**.
- CHP Telephone Summary Activity, attached as **Schedule #7**.
- CHP Abandoned Calls, attached as **Schedule #8**.
- CHP Average Staff attached as **Schedule #9**.

Ms. Lockwood reported that the telephone answering time was up because staff had to be pulled from telephones to prepare for Open Enrollment and 2 analysts are out on sick leave. A new 1210 Analyst will begin work on March 12, 2001 and a new Technician will begin on March 26, 2001.

Open Enrollment.
Payroll stuffers reminding employees to update their addresses with their payroll departments will be distributed with the paychecks on March 27, 2001.The Active Employee Benefit Booklets went to the printers last Thursday, March 1, 2001. The retiree booklet, comparison sheets, cash back letters, and separate rates for active employees went to print on Wednesday, March 7, 2001. Open Enrollment materials will go to the mailhouse, FYI and mailed to members on March 19, 2001. Dates for satellite sites are:

- Community College – April 5, 2001
- Irish Cultural Center – April 11, 2001
  (information only)
- San Francisco General Hospital – April 13, 2001
- Parkside Center – April 16, 2001
- Hall of Justice – April 18, 2001
- Hetch Hetchy – April 20, 2001
- Airport – April 24, 2001

Ms. Lockwood concluded her report with comments of appreciation to Bart Duncan from the HSS staff for the good work that he accomplished while Deputy Director and expressions of approval and continued confidence in his replacement, Yvonne Hudson.

Bart Duncan confirmed for Jean Thomas that the benefit books that will be issued to members will include the out of pocket premium rates.

Finance Group, including status of delinquency termination programs.
Bob Hencier reported that the delinquency program has been on hold because of limitations by DTIS. Testing of the program is back on track and will begin today. Reconciliation project meetings with the vendors have been successful to date and algorithms have been developed to analyze differences with vendors. Analyses have been sent to the HMOs for feedback.

Current HSS systems issues.
Sam Kwong of DTIS reported the completion of three projects: premium statements, the 6 month retroactive adjustment program for Kaiser, Health Net and PacifiCare, and a dry run of the delinquency letters that will tie into an automatic termination program.

Mr. Kwong stated that because of the serious need for DTIS and the HSS management staff to improve operation and efficiency, a formal procedure for operating the system was established. This resulted in the production of a procedure manual that can be referenced for data regarding computer operation. Because of staff shortages and a new computer system going in place, Mr. Kwong announced that as of March 1, 2001, there will be a freeze code. This means that enhancement changes to the Wang will be limited.

Contracts for fiscal year 2001-2002.
Rebecca Saroyan, Deputy City Attorney, presented the Contract Status Report of 3/7/01, attached as **Schedule #10**. Ms. Saroyan reported that there are 24 vendor contracts and 2 of them will expire in 2002. Rates will be certified by Towers Perrin and will be out by July 1, 2001.

Yvonne Hudson reported that PacifiCare did not agree to HSS's request to extend coverage for MEA members whose plan year-ends September 30, 2001. Therefore, MEA members who have PacifiCare will receive a letter requesting them to come during the Open Enrollment, April 2-30, 2001 and select a new health plan. A letter will also notify them that if they do not change their plan from PacifiCare during the Open Enrollment period, they will be rolled over to Blue Shield.

03082001-03 Action Item

Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.
Michael Hilton of Towers Perrin presented the financial report to the Board, attached as **Schedule # 11**. The Comparison of Claims for January and February, attached as **Schedule #12,** was used to demonstrate the probable causes for the increase in claims cost during the month of February.

Staff Recommendation: Accept report.

Public Comments: Diane Hermann expressed concerns regarding the Claims report.

Action: Motion was moved and seconded to accept Towers Perrin's financial report. Motion passed 3-0.

03082001-04 Discussion Item **Report on recent activities and recommendations of the Finance and Budget Committee.**

Deferred until next meeting.

03082001-05 Action Item **Resolution authorizing expenditure of up to $375,000 from the Trust Fund for Open Enrollment expenses.**
Vice President Zvanski presented the resolution to the Board, attached as **Schedule #13.**

Staff Recommendation: Adopt resolution.

Public Comments: None

Action: Motion was moved and seconded to adopt resolution to authorize expenditure of up to $375,000 from the Trust Fund for Open Enrollment. Motion passed 3-0.

03082001-06 Action Item **Resolution authorizing expenditure of up to $80,000 from the Trust Fund for the active and retiree City Plan Guides for fiscal year 2001-2002.**
Vice President Zvanski presented the resolution to the Board, attached as **Schedule # 14.**

Staff Recommendation: Adopt resolution.

Public Comments: None

Action: Motion was moved and seconded to adopt resolution to authorize expenditure of up to $80,000 from the Trust Fund for the active and retiree City Plan Guides for fiscal year 2001-2002. Motion passed 3-0.

03082001-07 Discussion Item **Report by Kaiser correcting the scope of infertility benefits offered under its plans for fiscal year 2001-2002.**

Staff Recommendation: Adopt resolution.

Discussion on the infertility benefits was deferred until next meeting.

Public Comments: None

03082001-08 Action Item **Amendment to HSS rules and regulations.**

Staff Recommendation: Approve amendment.

Bart Duncan requested to defer this item until the next meeting.

Public Comments: None

Action: None

03082001-09 Discussion Item **Opportunity to place items on future agendas.**
Commissioner Paretchan was unable to remain for the entire meeting, resulting in the lack of a quorum. Rebecca Saroyan, Deputy City Attorney, announced that because of the lack of a quorum, the rest of the agenda must be deferred. Vice President Zvanski commented that there might be another meeting before the end of March or in April to discuss Open Enrollment issues. The rest of the Action Items were addressed prior to Commissioner Paretchan's leaving.

Vice President Zvanski and Commissioner Deignan thanked Bart for all his great services and extended to him the honor of being the best Deputy Director in the history of Health Services. The Board expressed great confidence to Yvonne Hudson as the new Deputy Director and congratulated her on her appointment.

Public Comments: None

03082001-10 Discussion Item **Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Public Comments: None

Adjourn: 2:45

HEALTH SERVICE BOARD

NOTICE AND AGENDA

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12/01
special

Special Meeting
Thursday, April 12, 2001
12:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐ **Call to Order**

☐ **Roll Call**

President Heldfond
Vice President Zvanski
Commissioner Deignan
Commissioner Van Runkle
Commissioner Paretchan
Commissioner Welch
Commissioner Leno

☐ **04122001-01S**	**Discussion Item**	**Public comment on all matters pertaining to the closed sessions** Public Comments:
☐ **04122001-02S**	**Action Item**	**Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel (San Francisco Administrative Code section 67.10(d))** Staff Recommendation: Hold closed sessions Public Comments: Action:

CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(C) AND 54956.9(B)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D)

Closed Session I: Consideration of the following appeals pursuant to Section 12.200(5)

☐ **04122001-03S**	**Action Item**	**Appeal to approve purchase of an iron supplement that is not covered by the Plan (HSS No. 72395-00).** Staff Recommendation: Deny appeal Action:

☐	04122001-04S	Action Item	**Appeal to approve surgery to jaw (HSS No. 58618-00).** Staff Recommendation: Deny appeal Action:
		RECONVENE IN OPEN SESSION	
☐	04122001-05S	Action Item	**Possible report on action taken in closed session (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2))** Action:
☐	04122001-06S	Action Item	**Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.12 (a))** Action:
☐	04122001-07S	Discussion Item	**Opportunity to place items on future agendas**
☐	04122001-08S	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction** Public Comments:

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2/01
special

HEALTH SERVICE BOARD
SPECIAL MEETING MINUTES
Thursday, April 12, 2001
12:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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CALL TO ORDER 12:05
ROLL CALL

President Scott Heldfond, Excused
Vice President Claire Zvanski
Commissioner James Deignan
Commissioner Aleeta Van Runkle
Commissioner Harry Paretchan
Commissioner MelissaWelch, M.D., Excused
Commissioner Mark Leno, Absent

04122001-01S **Discussion Item** **Public comment on all matters pertaining to the closed sessions.**

Public Comments: None

04122001-02S **Action Item** **Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel (San Francisco Administrative Code section 67.10(d)).**

Staff Recommendation: Hold closed sessions.

Public Comments: None

Action: Motion was moved and seconded by the Board to hold closed sessions to hear appeals and to confer with legal counsel. Motion passed 4-0.

CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(C) AND 54956.9(B)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D)

Closed Session I: Consideration of the following appeals pursuant to Section 12.200(5)

04122001-03S	Action Item	Appeal to approve purchase of an iron supplement that is not covered by the Plan (HSS No. 72395-00). Staff Recommendation: Deny appeal. Action: Voted not to report.
04122001-04S	Action Item	Appeal to approve surgery to jaw (HSS No. 58618-00). Staff Recommendation: Deny appeal. Action: Voted not to report.

RECONVENE IN OPEN SESSION

04122001-05S	Action Item	Possible report on action taken in closed session (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2)). Action: Voted not to report.
04122001-06S	Action Item	Vote to elect whether to report any or all discussions held in closed session (San Francisco Administrative Code section 67.12(a)). Action: Voted not to report.
04122001-07S	Discussion Item	Opportunity to place items on future agendas. Public Comments: None
04122001-08S	Discussion Item	Opportunity for the public to comment on any matters within the Board's jurisdiction. Public Comments: None

Adjourn: 12:34 PM

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12/01

HEALTH SERVICE BOARD

NOTICE AND AGENDA

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Regular Meeting
Thursday, April 12, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐ **Pledge of Allegiance**			
☐ **Call to Order**			
☐ **Roll Call**	President Heldfond Vice President Zvanski Commissioner Deignan Commissioner Van Runkle Commissioner Paretchan Commissioner Welch Commissioner Leno		
☐ **04122001-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Regular Meeting of March 8, 2001** *Documents provided to Board prior to meeting: Draft version of minutes for each meeting* Staff Recommendation: Approve draft minutes Public Comments: Action:	
☐ **04122001-02**	**Discussion Item**	**Reports of Health Service System staff and legal counsel regarding the following matters:** • **Status of Rate Approval by Board of Supervisors (Yvonne Hudson)** • **Health Service Board Election (Yvonne Hudson)**	

- **City Health Plan Group, including status of claims processing (Beaulah Smith)**
- **Membership Group, including weekly telephone reports (Diana Ferrari)**
- **Open Enrollment status (Diana Ferrari)**
- **Finance Group, including status of delinquency termination program (Bob Hencier)**
- **Legal Counsel Update (Rebecca Saroyan)**
  - **Contracts for fiscal year 2001-2002**
  - **Catholic Healthcare West Update**

Documents provided to Board prior to meeting:

❶ *Claims processing status report*

❷ *Weekly telephone reports and graphs*

☐ **04122001-03** **Action Item**

Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Mike Kramer, Towers Perrin)

Documents provided to Board prior to meeting: Draft report

Staff Recommendation: Accept report

Public Comments:

Action:

Finance and Budget Matters

☐ **04122001-04** **Discussion Item**

Report on recent activities and recommendations of the Finance and Budget Committee (Commissioner Zvanski)

Documents provided to Board prior to meeting: None

Public Comments:

End of Finance and Budget Matters

☐ **04122001-05** **Action Item**

Amendment to HSS Rules and Regulations

Documents provided to Board prior to meeting: Copy of the Amendment

Public Comments:

☐ **04122001-06** **Action Item**

Extend contract with Employee Benefits Specialist (EBS) for one (1) year and issue RFP for Management Cafeteria Plan Administrator.

Staff Recommendation: Approve extension and RFP

Documents provided to Board prior to meeting: None

Public Comments:

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☐	**04122001-07**	**Action Item**	**Extend contract with Towers Perrin for one (1) year and issue RFP for Actuarial Services** Staff Recommendation: Approve extension and RFP Public Comments:
☐	**04122001-08**	**Action Item**	**Extend contract with Rutherford Publishing for one (1) year** Staff Recommendation: Approve extension Public Comment:
☐	**04122001-09**	**Discussion Item**	**Report by Kaiser correcting the scope of infertility benefits offered under its plans for fiscal year 2001-2002 (Jane Fronk, Kaiser)** Documents provided to Board prior to meeting: None Public Comments:
☐	**04122001-10**	**Discussion Item**	**Report by Blue Shield on the status of their negotiations with John Muir/Mt. Diablo (Doug Elkins, Blue Shield)** Documents provided to Board prior to meeting: None Public Comments:
☐	**04122001-11**	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
☐	**04122001-12**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction** Public Comments:

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2/01

HEALTH SERVICE BOARD
REGULAR MEETING MINUTES
Thursday, April 12, 2001
1:00 PM

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San Francisco, CA 94102

PLEDGE OF ALLEGIANCE
CALL TO ORDER 1:10 PM
ROLL CALL

President Scott Heldfond, Excused
Vice President Claire Zvanski
Commissioner James Deignan
Commissioner Aleeta Van Runkle
Commissioner Harry Paretchan
Commissioner MelissaWelch, M.D., Excused
Commissioner Mark Leno, Absent

04122001-01 Action Item **Approval (with possible modifications) of the minutes of the following meetings:**

- Regular Meeting of March 8, 2001.

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: Motion was moved and seconded to approve with amendments, the minutes of the Regular Meeting of March 8, 2001. Motion passed 4-0.

04122001-02 Discussion Item **Report of Health Service System staff and legal counsel regarding the following matters:**

Status of Rate Approval by Board of Supervisors.
Yvonne Hudson reported that the HSS rate approval is scheduled to appear before the Board of Supervisor's Finance Committee on April 18, 2001. Mike Kramer of Towers Perrin and Ms. Hudson will attend the meeting and will be available to answer any questions that the Committee might have regarding the rates and the transgender benefits.

Health Service Board Election.
The Health Service Board Election will be from May 9-23, 2001. Ballots for the election will go out April 30, 2001. Only members who are active and the retirees are qualified to vote.

City Health Plan Group, including status of claims processing.

Beaulah Smith distributed the following reports to the Board for review:

- 2000-2001 *Medical Claims Activity Report,* attached as **Schedule #1**.
- *Weekly Summary of Telephone Activity from March 5, 2001 through March 30, 2001*, attached as **Schedule #2**.
- *Monthly Summary of Telephone Activity*, attached as **Schedule #3**.

Ms. Smith announced that the City Health Plan Group (CHP) is being represented as a vendor during the Open Enrollment period. She also reported that the CHP has received compliments for their achievements in claims processing from the Director of DHR, Andrea Gourdine, as well as from members of the Plan.

Membership Group, including weekly telephone reports.
Diane Ferrari presented the following telephone reports:

- *Summary of Telephone Activity Year to Date* (monthly), attached as **Schedule #4**.
- *Summary of Telephone Activity, from March 5, 2001 through March 30, 2001* (weekly), attached as **Schedule #5**.

Ms. Ferrari reported that the telephone summary and charts reflect an increase in calls generated by the start of Open Enrollment.

Open Enrollment Status.
Ms. Ferrari reported that all 4 of the Open Enrollment packets were mailed to members prior to the beginning of the Open Enrollment period. The new *Universal Medicare Plus Choice Enrollment Form* was included in the packets that were mailed out to the retirees. Ms. Ferrari thanked Lisa Ferreira and Jane Fronk of Kaiser for their assistance with the creation of the form.

Three temporary employees were hired for 1 1/2 months to assist with splitting the applications and filing them in the members' folders. The Board reviewed the following documents:

- *Open Enrollment 2001, Applications Received*, attached as **Schedule #6**. To date 2,172 applications have been received and 1,525 have already been processed and filed in the members' folders.
- *Summary of Changes Report as of April 12, 2001*, attached as **Schedule #7**. This is a four-page internal report of Plan changes made by active and retired members. The codes are as follows:

  Health Plan Activity
  - Plan 1 = City Plan
  - Plan 2 = Kaiser
  - Plan 3 = PacifiCare
  - Plan 5 = Blue Shield
  - Plan 6 = Health Net
  - Plan E = Exempt Status

  Dental Plan Activity (last 2 pages)
  - Plan 4 = Delta Dental
  - Plan 5 = PMI
  - Plan 6 = Pacific Union
  - Plan E = Exempt Status

Ms. Ferrari reported that 4,072 letters were mailed to members of PacifiCare notifying them to change their Plan during the Open Enrollment period. If they do not respond to the letter, the active employees will be automatically enrolled into Blue Shield and the retirees will automatically be enrolled in the City Health Plan. PacifiCare will mail letters to 566 retirees who are enrolled with Secure Horizon. This letter will inform them that they need to re-enroll in another Plan. Confirmation statements will be mailed on May 21, 2001 and June 1, 2001 is the deadline to return those statements for corrections. Weekly Open Enrollment tapes will be sent to the vendors starting Friday, April 13, 2001 and the final tape will be delivered on June 8, 2001. This will give the vendors the complete membership as of July 1, 2001 and will allow members to receive their membership cards prior to July 1st.

Finance Group, including status of delinquency termination program.
Bob Hencier reported that the rate tables were established in time for Open Enrollment. The DTIS dry run of the delinquency program was successful and the letters are now on line and will be issued during April. Mr. Hencier reported that discussions with the HMOs on the reconciliation process have improved and hopefully, he will be able to report closure with certain vendors by the next Board meeting.

Legal Counsel Update.
Contracts for fiscal year 2001-2002
Deputy City Attorney, Rebecca Saroyan, presented to the Board the *Contract Status Report*, attached as **Schedule #8**. Ms. Saroyan reported that she and Yvonne Hudson set goals to have all the contracts for the fiscal year completed by the end of June. All of the HMOs (Kaiser, Health Net, and Blue Shield) will be completed first. A new contract that was approved by the HSB and recently added is the COBRA Administrative Services contract.

Catholic Healthcare West (CHW) Update- Deputy City Attorney, Rebecca Saroyan, reported that CHW has withdrawn their demand letter which reported HSS owing them over three quarters of a million dollars for some under paid premiums. The reason for this withdrawal is because of documents shown to them by Ms. Saroyan that established a prior relationship with St. Francis Hospital. This document proved that the Board had included St. Francis as a part of the network and paid them rates according to the agreement. CHW's response was that they did not have a copy of this document in their records. As a result, copies of the document were given to CHW. Re-negotiation of rates is underway.

04122001-03 Action Item **Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.**
Michael Hilton of Towers Perrin presented the financial report, *Highlights,* attached as **Schedule #9** and the *Comparison of Claims for February and March of 2001*, attached as **Schedule #10**. Mr. Hilton reported that the total claims for the month of March are down from $2.9 million to $2.2 million and claims pending is down from 14,000 to 12,000.

Staff Recommendation: Accept Report.

Public Comments: None

Action: Motion to accept the financial report of Towers Perrin was moved and seconded by the Board. Motion passed 4-0.

04122001-04 Discussion Item **Report on recent activities and recommendations of the Finance and Budget Committee.**

Commissioner Zvanski reported that representatives of DHR gave a report to the Committee that demonstrated the department's support for staffing and equipment that is needed to improve Customer Service. A representative from the real estate reported that efforts are being made to keep Health Service System at 1145 Market Street. Mr. Stephen Lucich is developing a matrix for the HSS trust fund budget. The next Finance and Budget Committee meeting will be on Thursday, April 26, 2001, at 10 AM, in Hearing Room 416.

Public Comments: None

04122001-05 Action Item **Amendment to HSS Rules and Regulations.**

Rebecca Saroyan presented the following documents for the Board's review:

- *Enrolling A Domestic Partner*, attached as **Schedule #11.** A revised form that will make enrolling a domestic partner easier.
- *Declaration for Enrollment of Domestic Partners*, attached as **Schedule #12.**

The red line version of the Health Service System Rules and Regulations showing changes made to the *Declaration for Enrollment of Domestic Partners* will be distributed to the Board at the next meeting. Ms. Saroyan confirmed to the Board that following today's adoption of these rules and regulations, the documents are now acceptable at the state level.

Staff Recommendation: Approve amendment.

Public Comments: None

Action: Motion to accept amendment to HSS rules and regulations was moved and seconded by the Board. Motion passed 4-0.

04122001-06 Action Item **Extend contract with Employee Benefits Specialist (EBS) for one (1) year and issue RFP for Management Cafeteria Plan Administrator.**

Yvonne Hudson requested that the EBS contract be extended 1 year and approval given to issue a RFP for a Management Cafeteria Plan Administrator in the summer. Meetings with EBS have resulted in some improvement and a procedures manual was received last week and will be an important tool in developing the RFP. A 'no telephone enrollment' policy was developed so that members have to be seen personally by EBS. Ms. Hudson stated that this procedure should improve Customer Service. Rebecca Saroyan reported that she would make sure that the procedure manual is included in the contract extension.

Staff Recommendation: Approve extension 1 year and RFP.

Public Comments: None

Action: Motion to extend the contract with EBS for one year and approval given to issue RFP for a Management Cafeteria Plan Administrator was moved and seconded by the Board. Motion passed 4-0.

04122001-07 Action Item

Extend the contract with Towers Perrin for one (1) year and issue RFP for Actuarial Services.

Yvonne Hudson requested that the contract for Towers Perrin be extended for 1 year and approval given to issue a RFP for Actuarial Services.

Staff Recommendation: Approve Extension and RFP.

Public Comments: None

Action: Motion was moved and seconded by the Board to extend Towers Perrin's contract 1 year and issue a RFP for Actuarial Services. Motion passed 4-0.

04122001-08 Action Item

Extend contract with Rutherford Publishing for one (1) year.

Yvonne Hudson requested the extension of Rutherford Publishing, which publishes the Total Wellness Newsletter. The front and back pages are available for HSS and articles that introduce a member of the City Health Plan staff in each issue have enhanced customer service.

Staff Recommendation: Approve extension.

Public Comments: Diane Hermann commented about the advantages of keeping the members updated through the Total Wellness Magazine.

Action: Motion moved and seconded by the Board to extend the Rutherford Publishing contract for one year. Motion passed 4-0.

04122001-09 Discussion Item **Report by Kaiser correcting the scope of infertility benefits offered under its plans for fiscal year 2001-2002.**

Jane Fronk of Kaiser reported that Kaiser's supplemental infertility benefits include GIFT services only and it does not include IVF, which is a service not even available for purchase. Ms. Fronk reported that this error was corrected in time to avoid any impact on the rates that had been approved or communications that went out to members. The Board requested that Ms. Fronk continue her research regarding the cost involved in adding IVF exclusively to the HSS contract and presenting it to the Rates & Benefits Committee for consideration.

Public Comments: Jean Thomas of the Retirees' Association inquired about the meaning of the acronyms IVF (Invitro Fertilization) and GIFT (Gammi Insertion Fallopian Transfer).

04122001-10 Discussion Item **Report by Blue Shield on the status of their negotiations with John Muir/Mt. Diablo.**

Mr. Doug Elkins of Blue Shield announced that an agreement has been reached between Blue Shield and John Muir and Mt. Diablo hospitals and the medical group for one year. The contract is from March 2001 to March 2002. Commissioner Paretchan suggested that in the future Blue Shield should consider the fiscal year used by HSS during contract negotiations. Mr. David Durian reported that a run-out clause is in effect when an agreement can't be reached. This run-out clause states that if contract terminates, then treatment for all HMO members must continue until the contract is renewed. Therefore, the HSS members would be protected until July.

Mr. Elkins announced that letters will be going out notifying members of the termination of the Los Gatos Hospital contract. This will effect hospital admittance with two medical groups in the San Jose area. Commissioner Zvanski requested a report on the effects of the termination of Los Gatos upon the City members. Ms. Hudson will have this information for the

Board by the next meeting. The Los Gatos Hospital contract terminates on May 9, 2001. Physicians within the Santa Clara Valley and the two main medical groups will be admitting their members to other area hospitals. Mr. Durian stated that it is normal procedure for hospitals and medical groups, when renegotiating with HMOs, to send out advance notices to members. Blue Shield also sends letters of notification when a contract terminates or gets renewed. Commission Zvanski reminded Mr. Durian of the importance of supplying the Board with a copy of the letters that are mailed to the members. Rebecca Saroyan stated that the Assembly passed legislation that changes the requirement for providers that are going to cancel their contract from a 30-day notice to a 90-day notification to the health plan.

Public Comments: Joanne Haggerty commented that Health Net is a different vendor and that Blue Shield does not represent them regarding contracting. Ms. Haggerty reminded the Board that Health Net has Evergreen contracts. Mr. Durian assured the Board that when he referenced HMOs he was not specifically referring to Health Net.

04122001-11 Discussion Item **Opportunity to place items on future agendas.**

Public Comments: Mike Kramer of Towers Perrin suggested having a standing item added to the agenda that offers the opportunity to discuss network and provider issues. Pam Morton of PacifiCare announced that this is her last HSB meeting and that Aaron Smith will be replacing her for the remainder of the year.

04122001-12 Discussion Item **Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Joanne Haggerty reported that as of January Health Net's Seniority Plus is no longer offered in the Sonoma-Fresno area. However, members are allowed to stay in a mirror plan until July 1, 2001. Packets with a letter were sent to the 38 members affected and a copy of the letters/packet was mailed to the Retirees' Association. The letters notified the retirees of the following changes:

- That they cannot stay with Health Net under the Medicare COB program.
- After July 1, 2001, it will no longer be available to them.
- Make sure the paper work goes back through the Health Service System.

The retirees in the San Mateo area who are effected by the fall-out of the San Mateo IPA (doctors that had a Seniority Plus contract) will be allowed to join the COB Program if they want to remain with Health Net. A list of these members will be provided to Diana Ferrari before any changes occur and they will be handled case by case.

Ms. Haggerty reported that Health Net has filed and been approved for an EPO in outlying counties that include rural areas. Prior discussions of this approval were held with Yvonne Hudson and preliminary discussions with Mike Kramer of Towers Perrin. This approval is filed under the Department of Insurance and will not be available to the members until next Plan year. The EPO (Exclusive Provider Organization) has the same doctors as the PPO that was temporarily arranged. It's a one tier HMO filed under the Department of Insurance and does have a gatekeeper. Ms. Haggerty announced that Health Net has a web site on the Internet that includes the CCSF key. When a member clicks on the key they will have access to multiple options that will give them among other things, information regarding their benefits with HSS. Additional information regarding the Health Net web site was distributed to the Board and is attached as **Schedule #13**.

Mr. David Sparks of Muni commented about the transgender benefits and availability of providers.

Adjourn: 2:22 PM

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A (6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. For assistance, call Arnetta Brown, HSB Commission Secretary, at 554-1727.

HEALTH SERVICE BOARD

NOTICE AND AGENDA

Regular Meeting
Thursday, May 10, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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☐ **Pledge of Allegiance**

☐ **Call to Order**

☐ **Roll Call**

President Scott Heldfond
Vice President Claire Zvanski
Commissioner James Deignan
Commissioner Aleeta Van Runkle
Commissioner Harry Paretchan
Commissioner Melissa Welch, MD, MPH
Commissioner Mark Leno

☐ **05102001-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Regular Meeting of April 12, 2001**
- **Special Meeting of April 12, 2001**

Documents provided to Board prior to meeting: Draft version of minutes for each meeting

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

☐ **05102001-02** **Discussion Item**

Reports of Health Service System staff and legal counsel regarding the following matters:

- **Status of Rate Approval by Board of Supervisors (Yvonne Hudson)**
- **Health Service Board Election (Yvonne Hudson)**
- **Status of RFPs - Actuarial and Management Cafeteria Plan**

- City Health Plan Group (Beaulah Smith)
- Membership Group (Sandi Lockwood)
- Open Enrollment status (Sandi Lockwood)
- Finance Group (Bob Hencier)
- Legal Counsel Update (Rebecca Saroyan)
  - Catholic Healthcare West Update

Documents provided to Board prior to meeting:

❶ *Claims processing status report*

❷ *Weekly telephone reports and graphs*

☐ 05102001-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Mike Kramer, Towers Perrin)** *Documents provided to Board prior to meeting: Draft report* Staff Recommendation: Accept report Public Comments: Action:

Finance and Budget Matters

☐ 05102001-04	Discussion Item	**Report on recent activities and recommendations of the Finance and Budget Committee (Commissioner Zvanski)** *Documents provided to Board prior to meeting: None* Public Comments:

End of Finance and Budget Matters

☐ 05102001-05	Discussion Item	**Report on activities of the Transgender Task Force (Commissioner Welch)** *Documents provided to Board prior to meeting: None* Public Comments:
☐ 05102001-06	Discussion Item	**Reports regarding Network and Health Plan issues (Network and Health Plan representatives)** *Documents provided to Board prior to meeting: None* Public Comments:
☐ 05102001-07	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:

☐	051 02001-08	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction** Public Comments:

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call Arnetta Brown at 554-1727.

SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices is prohibited at Health Service Board meetings and its' committee meetings
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.

DISABILITY ACCESS

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

- American Sign Language interpreters will be available upon request.
- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting or hearing are available in alternative formats.

If you require the use of any of these services, please contact Arnetta Brown at (415) 554-1727 at least 72 hours prior to the meeting.

In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, Boards, Councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Rachel Arnstine-O'Hara by mail to Administrative Services, #1 Dr. Carlton B. Goodlett Place, Room 362, by phone at (415) 554-6171, by fax at (415) 554-6177 or by email at Rachel_ArnstineO'Hara@ci.sf.ca.us

Citizens interested in obtaining a copy of the Sunshine Ordinance can request a copy from Ms. Arnstine-O'Hara or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://ww.amlegal.com/sanfran/viewcode.htm

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HEALTH SERVICE BOARD
REGULAR MEETING MINUTES
Thursday, May 10, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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CALL TO ORDER 1:10 PM
ROLL CALL

President Scott Heldfond, Excused
Vice President Claire Zvanski
Commissioner James Deignan
Commissioner Aleeta Van Runkle
Commissioner Harry Paretchan
Commissioner MelissaWelch, M.D., Excused
Commissioner Mark Leno, Absent

05102001-01 Action Item **Approval (with possible modifications) of the minutes of the following meetings:**

- Regular Meeting of April 12, 2001
- Special Meeting of April 12, 2001

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: Motion was moved and seconded to approve with amendments, the minutes of the Regular and the Special Meetings of April 12, 2001. Motion passed 4-0.

05102001-02 Discussion Item **Report of Health Service System staff and legal counsel regarding the following matters:**

Status of Rate Approval by Board of Supervisors. Yvonne Hudson reported that the Board of Supervisors approved the HSS rates and benefits on April 30, 2001.

Health Service Board Election.
The Health Service Board Election will be from May 9-23, 2001. Ballots for the election went out April 30, 2001. The Department of Elections is expected to have the ballots counted and the new Board member certified by May 28, 2001. Commissioner Paretchan agreed to attend the June meeting and participate in the transition of his seat to the new elected member.

The Status of RFPs-Actuarial and Management Cafeteria Plan
The RFP for the Actuarial services will be out in about a week and the RFP for the Management Cafeteria Plan should be available in about 2 weeks.

Ms. Hudson reported that there are 398 members in the zip code area of Los Gatos that could be affected by the Blue Shield contract situation and only 23 new enrollees at the time of Open Enrollment.

City Health Plan Group, including status of claims processing.
Beaulah Smith distributed the following reports to the Board for review:

- 2000-2001 *Medical Claims Activity Report,* attached as **Schedule #1.**
- *Weekly Summary of Telephone Activity from April 2, 2001 through April 27, 2001*, attached as **Schedule #2**.
- *Monthly Summary of Telephone Activity*, attached as **Schedule #3.**

Membership Group, including weekly telephone reports.
Sandi Lockwood announced to the Board that she will be working as liaison between People Soft and the Health Service System and will be reporting to Yvonne Hudson. Deborah McGuire was introduced as the new Membership supervisor. Ms. Lockwood presented the following telephone reports:

- *Summary of Telephone Activity Year to Date* (monthly), attached as **Schedule #4**.
- *Summary of Telephone Activity, from April 2, 2001 through April 27, 2001* (weekly), attached as **Schedule #5.**

Open Enrollment Status.

- As of May 8, 2001, Membership received 9,301 Open Enrollment (OE) changes.

- 7,275 OE changes have been processed and the remaining 2,026 will be processed by May 18, 2001.
- Out of the 9,301 OE changes received by HSS, 5,200 were received by mail, 840 were dropped off at 1145 Market Street, an analyst at the Open Enrollment site helped 2,959 members, and an analyst at satellite sites helped 402 members.

Open Enrollment changes at satellite sites

- 30 members made changes at the SF Community College.
- 25 members made changes at the Irish Cultural Center.
- 59 changes at SF General.
- 82 changes at San Francisco USD.
- 103 changes at the Hall of Justice.
- 8 changes at Hetch Hetchy
- 95 changes at the Airport.

Confirmation letters will be sent to FYI by May 21, 2001 and members have until June 1, 2001 to report changes or any discrepancies. Membership will have until June 7th to put data into the system and final tapes will go to the vendors on June 8, 2001.

Finance Group, including status of delinquency termination program.
Bob Hencier reported closure on all of the discrepancies reported to date with PacifiCare and a possible closure of another HMO vendor in about a week and collaboration with the third one by June.

Legal Counsel Update.
Contracts for fiscal year 2001-2002
The contract status report remains the same; therefore a status chart will not be presented until the June meeting.

Catholic Healthcare West (CHW) Update- Deputy City Attorney Rebecca Saroyan reported that she and Yvonne Hudson finalized negotiations with CHW during a meeting on Friday, May 4, 2001 with Ken Steele, Vice President of Managed Care and Laurie Moore, Contract Administrator for CHW.

05102001-03 Action Item

Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.
Roland Mittica presented the financial report to the Board. This report is attached as **Schedule #6**. Plan 1 is 18% of the total income of the Trust Fund. Mr. Mittica reported that the INBR (incurred but not reported liability) is a decrease in the liability. A $1.1 million cash deficient plus the reduction of $1.6 million in the reserves makes the Trust Fund good by half million dollars. Commissioner Paretchan inquired about the total amount of money in the Trust Fund. Mike Kramer stated that there is approximately $27.6 million in the Trust Fund that is ready to use.

Staff Recommendation: Accept Report.

Public Comments: None

Action: Motion to accept the financial report of Towers Perrin was moved and seconded by the Board. Motion passed 4-0.

05102001-04 Discussion Item

Report on recent activities and recommendations of the Finance and Budget Committee.
Commissioner Zvanski reported that the Finance Budget & Committee meeting was short and that more information regarding office budget, the Controllers Office, and trust fund will be given at the next meeting on May 23, 2001.

Public Comments: None

05102001-05 Discussion Item

Report on activities of the Transgender Task Force.
Yvonne Hudson distributed the following documents:

- Update: Transgender Task Force, attached as **Schedule #7**.
- Transgender Task Force membership log, attached as **Schedule #8**.
- Agenda attached **as Schedule #9**.

The Task Force membership included representation from all of the Health Plans, persons recommended by the community, Towers Perrin, Deputy City Attorney and Yvonne Hudson, and Chair person, Melissa Welch, M.D., MPH. The next three meetings and the proposed agendas are:

May 22, 2001

- Field analysis on qualified providers
- Survey questionnaire to potential providers

- Provider network discussion and feasibility, pros and cons of a combined network.

June 4, 2001
- Review where we are, summarize meetings 1 and 2.
- Clarification of Benefit Design (Q&A).
- Clarify Treatment Guidelines (Q&A).

June 12, 2001
- Internal Administration of the Benefits
- HMO issues

Ms. Hudson stated that members of the Board may come to the Task Force meetings and observe. She requested that because of time, questions and/or suggestions should be submitted in writing prior to the meeting, if possible.

Public Comments: None

05102001-06 Discussion Item **Reports regarding Network and Health Plan issues.**
This is a new item added to the agenda as a standing item. The purpose of this is to give the vendors a chance give information to the Board on items that do not require special attention or action.

Public Comments: Joanne Haggerty of Health Net announced that negotiations with PERS are completed. As of January 2002 Health Net will not be in Butte, Humbolt, Lake, Sutter, and Yuba counties. The EPO will be available and can be discussed at renewal. Health Net will not be available in the Hetch Hetchy County until July 2002. Commissioner Deignan requested that correspondence should be sent to the Board regarding this action. Ms. Haggerty stated that Health Net is presently in negotiations with Stanford. The NCQA accreditation audit is June 4-7, 2001, with written final report on August 7, 2001.

Jessica Camel of Pacific Union Dental (new representative) thanked the Board for renewing Pacific Union Dental's contract and distributed some updated provider directories to the Board.

David Durian of Blue Shield reported that the contract with Mount Diablo and John Muir has been finalized to be from April to April. Mr. Durian stated that the run out clause that is in effect when an agreement cannot be reached is not used for every occasion and is not a standard policy. It was presented only to the physicians at the Diablo and John Muir and not to the hospitals. Advance notices and letters reporting terminations of an agreement to members are 'put to press,' where the public will review it.

Mr. Durian stated that he is the Senior Account Manager for Stanford Hospital. Stanford announced to Blue Shield that they do not want to continue to have a capitated contract with them and negotiations are underway to maintain the contract. Timeframe for the contract is October 31, 2001.

The Los Gatos termination scheduled for May 9, 2001 has been extended to June 9, 2001. Los Gatos is a tenant of a larger hospital chain that is under negotiations with Blue Shield.

When the provider gives appropriate termination notification, Blue Shield sends a 30-day written notice to its members. Blue Shield received a notice of termination from a group in Santa Rosa on May 1, 2001. The termination date is June 1, 2001.

Commissioner Zvanski requested that the Board and Health Service System be kept informed of all activities. Mr. Durian agreed to keep the Board and administration updated of all information as negotiations continue.

Regarding the Stanford negotiations, Mike Kramer asked David Durian and Joanne Haggerty what the chance is that one or more of the facilities of the provider groups would fall out of the network during the present plan year, or during the plan year that members just completed their Open Enrollment.

David Durian of Blue Shield stated that Stanford's contract is through the month of October and if members of the City & County have primary providers in Stanford his objective would be to keep the contract in place.

Joanne Haggerty stated that Health Net is under Evergreen contracts. Health Net is currently under negotiations with Stanford. Stanford does not want a capitation arrangement and discussions are underway with all of the carriers. If the medical group falls out, Health Net assumes liability and makes sure that members are covered during a 60 to 90 day transition.

Amy Norland of Beech Street announced that negotiations with Stanford are complete and there will be no loss in coverage for Beech Street. The negotiations with CHW are complete and Beech Street will be able to use HSS rates with their contract. The tenant facilities have been re-contracted with the Santa Clara IPA for better rates.

Commission Zvanski requested information in the future regarding case management and prior authorization review.

****

Commissioner Harry Paretchan announced that this is his last full Board meeting after serving 30 years with the Health Service Board. Commissioner Paretchan stated that he has worked with a total of 20 HSB commissioners (he can name each of them) and 6 directors. He retired 10 years ago from the S.F. Fire Department after 28 years of service and 7 years with the Police Department. He was instrumental in introducing the first dental program, the prescription drug program and vision program.

Commissioner Paretchan suggested improvement of services and benefits for retirees are needed in the dental plan and research should be done as to why Blue Shield does not offer services to retirees that are not under Medicare.

Commissioner Paretchan thanked the plan representatives for their service and gave special thanks to Commissioner Zvanski and the Board for their help and to all his friends who have supported him. Commissioner Paretchan received a standing ovation after his speech. There will be a retirement party for Commissioner Paretchan on Thursday, June 21, 2001, at the Golden Gate Yacht Club. For more information please call the Commission Secretary, Arnetta E. Brown, at (415) 554-1727.

Commissioner Zvanski and the Board thanked Commissioner Paretchan for his dedication and excellent service. It was noted that in the past, Commissioner Paretchan would spend long hours working on appeals while he was still working as a fire fighter.

Commissioner Zvanski announced that Dr. Welch has been appointed the Chief Medical Officer of the San Mateo Health Plan. Commissioner Zvanski stated that Dr. Mitch Katz, Director, Public Health Department, said Commissioner Welch grew up within the San Francisco Department of Public Health by starting out as a resident and working her way up. Congratulations will be given to Dr. Welch at the next Board meeting.

05102001-07 Discussion Item **Opportunity to place items on future agendas.**

- Finance and Budget issues
- Beech Street
- Status of Contract
- Contract vendors who have new contracts/long term disability
- Transgender Task Force Report

05102001-08 Discussion Item **Opportunity for the public to comment on any matters with in the Board's jurisdiction.**

Marion O'Donald, representing retired City employees, thanked Commissioner Paretchan for his services and representation for the retirees.

Dennis Krueger of the San Francisco Fire Fighters, Local 798, stated that he has worked with Harry for 18 years and has observed him for 10 years as a representative of the union, and thanked him for his services.

Commissioner Zvanski requested that anyone who has names and addresses of friends of Commissioner Paretchan that would like to come to the party should give the information to the Commission Secretary, Arnetta Brown.

Adjourn: 2:45 PM

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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The complete rules are set forth in Section A (6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. For assistance, call Arnetta Brown, HSB Commission Secretary, at 554-1727.

HEALTH SERVICE BOARD

NOTICE AND AGENDA

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Regular Meeting
Thursday June 14, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐ **Pledge of Allegiance**			
☐ **Call to Order**			
☐ **Roll Call**	President Scott Heldfond Vice President Claire Zvanski Commissioner James Deignan Commissioner Aleeta Van Runkle Commissioner Karen Breslin Commissioner Melissa Welch, MD, MPH Commissioner Mark Leno		
☐ **06142001-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Regular Meeting of May 10, 2001** *Documents provided to Board prior to meeting: Draft version of minutes for each meeting* Staff Recommendation: Approve draft minutes Public Comments: Action:	
☐ **06142001-02**	**Discussion Item**	**Reports of Health Service System staff and legal counsel regarding the following matters:** • **Status of RFPs - Actuarial and Management Cafeteria Plan (Yvonne Hudson)** • **City Health Plan Group (Beaulah Smith)** • **Membership Group (Deborah McGuire)** • **Finance Group (Bob Hencier)**	

- Legal Counsel Update (Rebecca Saroyan)
  - Contract Status Report
  - Eligibility Ordinance Change

Documents provided to Board prior to meeting:

❶ *Claims processing status report*

❷ *Weekly telephone reports and graphs*

☐	06142001-03	Action Item	**Election of Health Service Board Officers** Staff Recommendation: None Public Comments: Action:
☐	06142001-04	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin)** *Documents provided to Board prior to meeting: Draft report* Staff Recommendation: Accept report Public Comments: Action:
☐	06142001-05	Discussion Item	**Report on activities of the Transgender Task Force (Commissioner Welch)** *Documents provided to Board prior to meeting: None* Public Comments:
☐	06142001-06	Action Item	**Resolution of Commendation for Harry Paretchan for 30 years of service on the Health Service Board** *Documents provided to Board prior to meeting: Resolution of Commendation* Staff Recommendation: Accept Resolution Public Comments: Action:
☐	06142001-07	Action Item	**Resolution of Commendation for Oanh Vuong Retirement After 21 Years of Service** *Documents provided to Board prior to meeting: Resolution of Commendation* Staff Recommendation: Approve Resolution Public Comments: Action:

☐	06142001-08	Action Item	**Resolution of Commendation for Rosita dela Calzada Retirement After 21 Years of Service** *Documents provided to Board prior to meeting: Resolution of Commendation* Staff Recommendation: Approve Resolution Public Comments: Action:
☐	06142001-09	Action Item	**Resolution of Commendation for Open Enrollment Team-2001 Open Enrollment** *Documents provided to Board prior to meeting: Resolution of Commendation* Staff Recommendation: Approve Resolution Public Comments: Action:
☐	06142001-10	Discussion Item	**Report of Case Management and Prior Authorization Report (Amy Norland, Beech Street)** *Documents provided to Board prior to meeting: None* Public Comments:
☐	06142001-11	Discussion Item	**Report of Prior Year Long Term Disability Experience and Renewal Information (Denise Smith, UNUM)** *Documents provided to Board prior to meeting: None* Public Comments:
☐	06142001-12	Discussion Item	**Report of Prior Year Life Insurance Claims Experience and Renewal Information (Scott Gusdorff, ING Employee Benefits/Reliastar)** *Documents provided to Board prior to meeting: None* Public Comments:
☐	06142001-13	Discussion Item	**Report on Performance Guarantees and Plan Description (Sharon Fusco, UBH)** *Documents provided to Board prior to meeting: None* Public Comments:
☐	06142001-14	Discussion Item	**Reports on Network and Health Plan issues (Network and Health Plan representatives)** *Documents provided to Board prior to meeting: None* Public Comments:

☐	06142001-15	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
☐	051 02001-16	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction** Public Comments:

Adjourn

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SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

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- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.

'01

HEALTH SERVICE BOARD
REGULAR MEETING MINUTES
Thursday, June 14, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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PLEDGE OF ALLEGIANCE
CALL TO ORDER 1:10 PM
ROLL CALL

Commissioner Scott Heldfond, President
Commissioner Claire Zvanski, Vice President
Commissioner Melissa Welch, M.D
Commissioner James Deignan
Commissioner Aleeta Van Runkle
Commissioner Karen Breslin
Commissioner Mark Leno, Absent

06142001-01 Action Item **Approval (with possible modifications) of the minutes of the following meetings:**

- Regular Meeting of May 10, 2001

Staff Recommendation: Approve minutes

Public Comments:
David Durian of Blue Shield clarified comments he made during the previous meeting.

Action: None
Deferred until next meeting.

06142001-02 Discussion Item **Report of Health Service System staff and legal counsel regarding the following matters:**

Status of RFPs-Actuarial and Management Cafeteria Plan
Yvonne Hudson, Deputy Director of HSS, reported that the RFP for Actuarial and Consultant Services went out on May 30, 2001 and the Pre-Proposal Conference will be on June 22, 2001. The final submission date for the proposal is July 13, 2001 and a final recommendation should be made in August.

City Health Plan Group
Beaulah Smith distributed the following reports to the Board for review:

- 2000-2001 Medical Claims Activity Report, attached as **Schedule #1**.
- Weekly Summary of Telephone Activity from April 30, 2001 through June 1, 2001, attached as **Schedule #2**.
- Monthly Summary of Telephone Activity from April 30, 2001 through June 1, 2001, attached as **Schedule #3**.

Membership Group
Deborah McGuire presented the following telephone reports:

- Summary of Telephone Activity Year to Date from April 30, 2001 through June 1, 2001 (monthly), attached as **Schedule #4**.
- Summary of Telephone Activity, from April 30, 2001 through June 1, 2001 (weekly), attached as **Schedule #5**.

Ms. McGuire reported to the Board the following Open Enrollment statistics:

- City Health Plan had a net decrease of 194 active employees plus their dependants and an increase of 474 retirees plus their dependants.
- Kaiser lost 44 active employees and picked up 145 active employees and their dependants. There was an increase of 48 retirees and 53 dependants.
- Health Net gained 4,174 active employees including dependants and 652 retirees including dependants.

Blue Shield gained a total of 2,665 members and dependants from the Open Enrollment. Additional 647 members defaulted into Blue Shield from PacifiCare because of lack of response to Open Enrollment. The total membership is 3,312. The Board requested a written document with the statistics regarding the Open Enrollment results.

Prior to MEA Open Enrollment, EBS will have a Health Fair on July 12, 2001 at City Hall, in Room 34. MEA enrollment will be from July 30-August 17, 2001. The first two weeks of this enrollment, July 30-August 10, 2001 will be at City Hall in Room 34 and members will be seen by appointment only. The last two weeks will be at various sites and prior appointment is not necessary.

Finance Group
Bob Hencier reported that the original $666,000 discrepancy claimed by PacifiCare for the 6 months ended December 31, 2000 was resolved and paid on May 14, 2001 for $224,000. Thus Health Service System's line-item audit saved $442,000. As a result of a member by member reconciliation, discrepancy claims by Health Net for the seven months ended January 31, 2001 were resolved and paid on May 18, 2001 for $112,000. Health Net's original claim had been for $147,000. Thus a savings of $35,000 was realized. Health Net's discrepancy claim for February is about $4,000. Mr. Hencier reported that discussions are presently underway to resolve the discrepancy claim by Kaiser. The majority of the discrepancy dollars claimed by Kaiser is attributable to differing views between HSS and Kaiser relating to Medicare coverage and weaknesses in both parties' information systems. The original claim for the 12 months ended December 31, 2000 had been $363,000. HSS anticipates agreement with Kaiser in the near future. Mr. Sam Kwong of DTIS made a report to the Board regarding causes for the fluctuation of revenue in April to the Health Trust (Tab 4, Page 16 of the financial report by Towers Perrin).

Legal Counsel Update
Deputy City Attorney Rebecca Saroyan reported that the Health Net and Kaiser contracts are settled and the goal is to settle the remaining contracts by July 1, 2001. Ms. Saroyan reported that she is working on an amendment that would allow any Board or Commission member that is currently active with the Health System and served on the Board for at least 3 years, be able to maintain their health care benefits after they leave. The benefits cost will be the same as what COBRA participants pay, including the additional 2% added to the premium to cover administration costs. Supervisor Mark Leno is sponsoring this legislation and it will be in the Rules Committee in 2 weeks, then before the Board of Supervisors and finally the Mayor's Office.

Contract Status Report
Deputy City Attorney Rebecca Saroyan presented the contract status report to the Board, attached as **Schedule #6**.

06142001-03 Action Item

Health Service Board Officers
Rebecca Saroyan informed the Board that the Health Service Board officers elected today would begin their term July 1, 2001. President Heldfond nominated Claire Zvanski for President of the HSB and Commissioner Melissa Welch for the Vice President of the HSB.

Staff Recommendation: None

Public Comments: None

Action: Nominations were seconded and approved by the Board. Claire Zvanski was elected as President of the HSB by vote of 6-0. Dr. Melissa Welch was elected as Vice President of the HSB by a vote of 6-0.

06142001-04 Action Item

Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.
Roland Mittica presented the financial report to the Board, attached as **Schedule #7**. Because of the additional pay periods (3) in December and June, an additional $400,000 to $500,000 in contributions to Plan 1 are expected to be reported in June.

Staff Recommendation: Accept Report.

Public Comments: None

Action: Motion to accept the financial report of Towers Perrin was moved and seconded by the Board. Motion passed 6-0.

06142001-05 Discussion Item

Report on activities of the Transgender Task Force
Dr. Melissa Welch reported that the Transgender Task Force has had several meetings and the last one was held today. A survey regarding experience and administration of the benefits with respect to the users' specialty and types of procedures performed was circulated to various providers. Another meeting with the Transgender Task Force to discuss HMO issues that the Board will need to address has been tentatively set for July 9, 2001. Dr. Welch said that her goal is to not have any more meetings until the Rates and Benefits Committee meets in the fall. A summary of recommendations will be presented to the Board before the meetings are closed for the summer.

Public Comments: Vicky Sparks recommended to the Board two Canadian doctors that are experienced in reassignment surgery.

06142001-06 Action Item

Resolution of Commendation for Harry Paretchan for 30 years of service on the Health Service Board.
Commissioner Heldfond presented the resolution to the Board that named Harry Paretchan as Commissioner Emeritus to the Health Service Board. This is attached as **Schedule #8**.

Staff Recommendation: Adopt resolution

Public Comments: None

Action: Motion was moved and seconded to adopt the Resolution of Commendation. Motion passed 6-0.

06142001-07 Action Item

Resolution of Commendation for Oanh Vuong Retirement after 21 Years of Service.
President Heldfond presented the Resolution of Commendation to the Board, attached as **Schedule #9**.

Staff Recommendation: Adopt resolution

Public Comments: None

Action: Motion was moved and seconded by the Board to adopt the Resolution of Commendation for Oanh Vuong. Motion passed 6-0.

06142001-08 Action Item

Resolution of Commendation for Rosita dela Calzada Retirement after 21 Years of Service.
President Heldfond presented the Resolution of Commendation to the Board, attached as **Schedule #10**.

Staff Recommendation: Adopt resolution

Public Comments: None

Action: Motion was moved and seconded by the Board to adopt the Resolution of Commendation for Rosita Dela Calzada. Motion passed 6-0.

06142001-09 Action Item

Resolution of Commendation for Open Enrollment Team-2001 Open Enrollment.
President Heldfond presented the resolution to the Board, attached as **Schedule #11**. Commissioner Claire Zvanski recommended that Yvonne Hudson submit the Open Enrollment Team accomplishment to Andrea Gourdine for special consideration at the next annual DHR Employee Recognition Program.

Staff Recommendation: Adopt resolution

Public Comments: None

Action: Motion was moved and seconded by the Board to adopt the Resolution of Commendation for the Open Enrollment Team-2001 Open Enrollment. Motion passed 6-0.

06142001-10 Discussion Item **Report of Case Management and Prior Authorization Report**

Amy Norland of Beech Street presented to the Board the City and County of San Francisco Executive Savings Report Summary for January 1, 2001-March 31, 2001. This report is attached as **Schedule #12**. The report included benchmarks based upon a gender/age/relationship report. Commissioner Welch requested that a summary of the last quarter be included with the next quarter report. Ms. Norland agreed to sort the next report by age (65 and over).

Public Comments: None

06142001-11 Discussion Item **Report of Prior Year Long Term Disability Experience and Renewal Information.**

Tom Maxwell of UNUM distributed to the Board the following documents:

- CCSF Account Summary and plan review of Policy #520231 and Policy # 549327attached as **Schedule #13**.
- Unions Entitled to Unum Provident Long Term Disability, attached as **Schedule #14**.
- Claims report on CCSF Policy #00520231 attached as **Schedule #15**.

The Unum report was concluded with recommended plan design changes for long term income protection (LTD) and a provision for a 3/12 pre-existing conditions exclusion for both CCSF policies.

Public Comments: None

06142001-12 Discussion Item **Report of Prior Year Life Insurance Claims Experience and Renewal Information.**

Scott Gusdorff, Assistant Regional Manager for ING Employee Benefits, distributed to the Board a report regarding the Basic and Supplemental Term Life Insurance Summary. This report is attached as **Schedule #16**. The renewal date for the basic and supplemental life insurance plan is July 1, 2001. Roland Mittica of Towers Perrin recommended that ING separate the premiums for the basic and the supplemental life group and exclude the name identification in the summary of the claims report.

Public Comments: None

06142001-13 Discussion Item Report on Performance Guarantees and Plan Description
Report deferred until the next Board meeting.

Public Comments: None

06142001-14 Discussion Item Reports regarding Network and Health Plan issues
Jane Fronk of Kaiser reminded the Board that as of July 1, 2001, Kaiser would not cover any "none-Plan" prescriptions. These are prescriptions that are written by physicians outside of Kaiser. Ms. Fronk reported that members were notified of this change approximately nine months ago.

Lael Byrne of Express Scripts distributed to the Board an update on Express Scripts Infusion and Injection Services for the City and County of San Francisco. This report is attached as **Schedule #17**. Ms. Byrne announced that as of two days ago, Express Scripts will no longer offer IVTx Inc., d/b/a Express Scripts Infusion Services. This service has been sold to a national home infusion company, Option Care. Express Scripts presently has a 90-day transition plan in place and they are working to avoid disruption of service to any member during this period. Services to members will not stop until they are transferred to a new program. President Heldfond and Commissioner Welch reminded Express Scripts that they are obligated to fulfill their contract agreement with the City regardless of whether or not they sell their service. Dr. Welch went on to say that Express Scripts is expected to come up with a solution and not expect the City to find one. Ms. Byrne said that she is working closely with Rebecca Saroyan and Yvonne Hudson to make sure all members are covered. Rebecca Saroyan reported that she was not happy with Express Scripts response to legal issues that were discussed a week earlier. The Board stated that more discussion is needed and requested the Deputy City Attorney to continue to meet with ES and that the current solutions are unacceptable.

Public Comments: Amy Norland reported that Beech Street contracted infusion therapy is available to the City and County of San Francisco at no additional charge for the discounted rates that are in place.

David Durian of Blue Shield commented about his concerns regarding provider changes between now and July 1, 2001.

06142001-15 Discussion Item **Opportunity to place items on future agendas**

- Updated report on the Patient Bill of Rights Legislation.
- Mental Health Administration and UBH Network.
- Budget

Public Comments:
Jean Thomas inquired about the status of the Stanford negotiations.

06142001-16 Discussion Item **Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Public Comments:
Harry Paretchan thanked everyone for the resolution and commendation that he received from the HSB Board. He asked that the Board dismiss their meeting in memory of retiree, Betty Schwabacher, and that a letter of condolence be sent to her family. Ms. Schwabacher died May 17, 2001.

Adjournment: 3:25 PM **Adjourned in memory of Betty Schwabacher.**

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/01

HEALTH SERVICE BOARD
SPECIAL MEETING MINUTES
Thursday, July 12, 2001
12:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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CALL TO ORDER 12:10 PM
ROLL CALL

President Claire Zvanski
Vice President Melissa Welch, M.D, Absent
Commissioner Scott Heldfond
Commissioner James Deignan, Excused
Commissioner Aleeta Van Runkle
Commissioner Karen Breslin
Commissioner Mark Leno, Absent

07122001-01S	Discussion Item	Public comment on all matters pertaining to the closed sessions. Public Comments: None
07122001-02S	Action Item	Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel (San Francisco Administrative Code section 67.10(d)). Staff Recommendation: Hold closed sessions. Public Comments: None **Action:** Motion was moved and seconded by the Board to hold closed sessions to hear appeals and to confer with legal counsel. Motion passed 4-0.

CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(C) AND 54956.9(B)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D)

Closed Session I: Consideration of the following appeals pursuant to Section 12.200(5)

07122001-03S	Action Item	Appeal to approve refund of premiums paid to cover newborn (HSS No. 73847-00).

Staff Recommendation: Deny appeal.

Action: Voted to uphold the denial.

RECONVENE IN OPEN SESSION

07122001-04S Action Item Possible report on action taken in closed session (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2)).

Action: Voted not to report.

07122001-05S Action Item Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.12(a)).

Action: Voted not to report.

07122001-06S Discussion Item Opportunity to place items on future agendas.

Public Comments: None

07122001-07S Discussion Item Opportunity for the public to comment on any matters within the Board's jurisdiction.

Public Comments: None

Adjourn: 12:34 PM

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

Regular Meeting
Thursday July 12, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

07-12-01PA68318FAIN

☐ **Pledge of Allegiance**

☐ **Call to Order**

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☐ **Roll Call**

President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner James Deignan
Commissioner Aleeta Van Runkle
Commissioner Karen Breslin
Commissioner Scott Heldfond
Commissioner Mark Leno

☐ **07122001-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Regular Meeting of May 10, 2001**
- **Regular Meeting of June 14, 2001**

Documents provided to Board prior to meeting: Draft version of minutes for each meeting

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

☐ **07122001-02** **Discussion Item**

Reports of Health Service System staff and legal counsel regarding the following matters:

- **Colonial Insurance (Yvonne Hudson)**
- **City Health Plan Group (Beaulah Smith)**
- **Membership Group (Diana Ferrari)**
- **Finance Group (Bob Hencier)**

		• **Legal Counsel Update (Rebecca Saroyan):** - **Contract Status Report** - **Patient's Bill of Rights** *Documents provided to Board prior to meeting:* ❶ *Claims processing status report* ❷ *Weekly telephone reports and graphs*
☐ 07122001-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** *Documents provided to Board prior to meeting: Draft report* Staff Recommendation: Accept report Public Comments: Action:
☐ 07122001-04	Discussion Item	**Report on activities of the Transgender Task Force (Commissioner Welch).** *Documents provided to Board prior to meeting:* ❶ *Transgender Survey Results* ❷ *Transgender Benefit Eligibility Criteria* Public Comments:

Finance and Budget Matters

☐ 07122001-05	Discussion Item	**Report on recent activities and recommendations of the Finance and Budget Committee (Commissioner Deignan).**

End of Finance and Budget Matters

☐ 07122001-06	Action Item	**Report and recommendations by Express Scripts for approval of infusion and injectable drug program alternatives resulting from discontinuation of Express Scripts home infusion services (Lael Byrne).** *Documents provided to Board prior to meeting: Letter from Express Scripts.* Staff Recommendation: None Public Comments: Action:
☐ 07122001-07	Discussion Item	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** *Documents provided to Board prior to meeting: None* Public Comments:

☐	07122001-08	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
☐	051 02001-09	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

Adjourn

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DISABILITY ACCESS

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923 6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

- American Sign Language interpreters will be available upon request.
- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting or hearing are available in alternative formats.

If you require the use of any of these services, please contact Arnetta Brown at (415) 554-1727 at least 72 hours prior to the meeting.

In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, Boards, Councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall by mail at Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna_Hall@ci.sf.ca.us

HEALTH SERVICE BOARD
REGULAR MEETING MINUTES
Thursday, July 12, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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PLEDGE OF ALLEGIANCE
CALL TO ORDER 1:10 PM
ROLL CALL

President Claire Zvanski
Vice President Melissa Welch, M.D., MPH
Commissioner Scott Heldfond
Commissioner James Deignan, Excused
Commissioner Aleeta Van Runkle
Commissioner Karen Breslin
Commissioner Mark Leno, Absent

07122001-01 Action Item **Approval (with possible modifications) of the minutes of the following meetings:**

- Regular Meeting of May 10, 2001
- Regular Meeting of June 14, 2001

Staff Recommendation: Approve minutes
Board recommended amendments to the Regular Meeting minutes of June 14, 2001.

Public Comments: None

Action: Motion was moved and seconded by the Board to approve the Regular Meeting minutes of May 10, 2001 and the meeting minutes of June 14, 2001 with suggested amendments. Motion passed 5-0.

07122001-02 Discussion Item **Report of Health Service System staff and legal counsel regarding the following matters:**

Colonial Insurance

Yvonne Hudson reported that she is investigating a complaint regarding the business practice of Colonial Insurance during the previous Open Enrollment (OE). The complaint is from a member who called and wrote a letter to the HSS Deputy Director, Yvonne Hudson and to the HSB President, Claire Zvanski. The complaint regarded members being enrolled into Plans that are not within the City contract during the last OE. Colonial has not yet responded to questions by Ms. Hudson regarding the number of people they have enrolled in the last OE. Yvonne Hudson and Deputy City Attorney Rebecca Saroyan will meet with Colonial management on July 31, 2001. The purpose of the meeting is to establish the extent of the problem, determine how many people are affected and hear resolutions by Colonial to correct the problems. A follow-up report of this meeting will be given at the August Board meeting. The Board agreed that Colonial should plan to attend the next meeting and make a report.

City Health Plan Group

Beaulah Smith distributed the following reports to the Board for review:

- 2000-2001 Medical Claims Activity Report, attached as **Schedule #1.**
- Weekly Summary of Telephone Activity Reports, attached as **Schedule #2**
- Monthly Summary of Telephone Activity Year to Date Report, attached as **Schedule #3.**

The City Health Plan has seen an immediate increase in outstanding claims due to vacancies as a result of employees retiring, effective June 30, 2001. Two employees left in mid June and one employee who recently resigned had been on medical leave for the past year and half. The staff is monitoring the increase very closely and will keep the Board informed. In response to Commissioner's Heldfond's question regarding why the percentage of staff processing was higher in 98/99, Ms. Smith responded that we had a full staff of Sterling temporary employees during that timeframe but recently have not had the luxury of that many temps. Ms. Smith further reported that HSS has been working with DHR to develop exams for the 1209 Technician and 1210 Benefit Analyst positions. There also has been extensive testing of the new benefit changes to ensure that the system will process these claims correctly after July 1, 2001.

However, it will be the end of August before there will be an applicants' pool available to fill the 2 vacancies created by 2 retirements in the CHP Group.
Vacancies will be filled in the interim with employees from the temporary agency. Ms. Smith alerted the Board of a potential problem from a couple of providers challenging the City Health Plan UCR for non- contract providers. The rates have not been updated in over five years. She is currently trying to obtain a reliable source for up-to-date data on usual customary and reasonable rates.

Membership Group

Diane Ferrari presented the following telephone reports:

- Monthly Summary of Telephone Activity Year to Date Report, attached as **Schedule #4.**
- Weekly Summary of Telephone Activity Reports, attached as **Schedule #5.**
- Update amended copy of the Monthly Summary of Telephone Activity Year to Date Report, attached as **Schedule #6.**
- Final Open Enrollment Statistics as of June 12, 2001, attached as **Schedule #7.**
- 2002 Health Service System Open Enrollment, attached as **Schedule #8.**

Ms. Ferrari reported that the Open Enrollment for MEA is scheduled from July 30, 2001 through August 17, 2001. The first 2 weeks will be by appointment only and will be held in Room 34 at City Hall. During August 16-17, 2001, EBS representatives will be at the Airport and at the Hall of Justice on August 14-15, 2001 and at the San Francisco General Hospital on August 13, 2001. This information is printed in the MEA booklets. The MEA booklets are printed and the envelopes and the cover letters will be ready to be sent to the mail house by next Friday. Ms. Ferrari stated that there were many problems that were encountered after the close of OE and that Sam Kwong of DTIS will report on these problems to the Board.

Mr. Kwong acknowledged that as a result of a breakdown in the quality assurance process, erroneous data was mailed out to vendors, members and departments. Mr. Kwong reported that he, along with Deborah McGuire, Membership Supervisor and DTIS Manager Oli Sadler, attended the monthly retirees' meeting at the Irish Cultural Center to explain the underpayment and over payment problem that occurred. He assured them that the data has been corrected and steps have been taken by DTIS to make sure that the quality assurance process will be more reliable in the future.

Mr. Kwong stated that 6,700 retirees were over deducted and a refund check will be mailed to each of them next week. Corrected data files have been reviewed and accepted by Yvonne Hudson.

There will be a one-time recovery deduction that will be taken out of the next retirement check for those who are underpaid. DTIS wrote letters to all the members regarding deduction recovery and refund checks.

Commissioner Breslin inquired about the status of the medical cards and what retirees should do if they do not have one and what to do in case of emergency. Sam Kwong stated that Express Scripts mailed the corrected cards out last week and the retirees should receive them by the end of the week. Yvonne Hudson reported that active as well as retirees did not receive medical cards.

In addition, HSS assists members who do not have a card by the following methods:

- The HSS staff has been informed to fax a copy of member's eligibility screen when they receive calls for verification prior to seeing a doctor.
- The pharmacy file information is up to date and retirees can still get their medication.
- The members can use their old card.
- President Zvanski stated that a new member should be able to receive needed treatment during an emergency even if they do not have their card. However, after receiving treatments, the person should make sure that medical information is given to the doctor.
- Active as well as retirees did not receive medical cards.

Finance Group

Bob Hencier reported that there isn't a June financial report from Towers Perrin because the reports printed by DTIS were delayed to year-end activities. A report for June and July will be given at the next meeting.

Reconciliation with HMOs continues with the following update:

Health Net

- Health Net discrepancies have been resolved between July 2000 and January 2001, $112,000 was paid to Health Net. February and March records are complete and have been submitted to

Health Net for review. HSS owes approximately $17,000 at this point. As to Health Net, the reconciliation project has saved the Trust $35,000 so far.

PacifiCare

- All discrepancies have bee resolved for FY 2000 and PacifiCare was paid $224,000. January–March 2001 have been submitted and we owe PacifiCare $6000. The reconciliation project has saved the Trust $442,000 so far.

Kaiser

- Discrepancies are primarily with Medicare and the majority of the discrepancy dollars claimed by Kaiser is attributable to differing views between HSS and Kaiser concerning HCFA Medicare assignments and the weakness of both parties information systems. Kaiser will send a Medicare expert to HSS in late July to research the reconciliation information.

Contract Status Report

Deputy City Attorney Rebecca Saroyan presented the Status Report, attached as **Schedule #9**. Ms. Saroyan reported that:

- 19 of the 21 contracts that the Health Service has will expire on June 30, 2001.
- 16 of the contracts have been revised.
- The rates on 2 contracts are guaranteed for another year.
- One contract will expire in fiscal year 2002. Two contracts, SHPS (a COBRA Administration Services contract) and Delta PMI contracts are currently being negotiated and will be finalized in a few days.

Ms. Saroyan assured President Zvanski and the Board that all the benefits and rates agreed upon in a contract are guaranteed and will remain the same upon renewal of the contract. A 30-day termination clause allows the Deputy City Attorney to terminate parts of a contract or to add additional benefits without changing the original terms and rates of the contract.

Patient's Bill of Rights

Rebecca Saroyan reported that the Senate approved the Patient's Bill of Rights on June 29, 2001. However, President Bush plans to veto the Senate when it reaches him.

Highlights of the Patient's Bill of Rights are:

- Patients will have the right to sue HMOs or their health insurers in state courts for medical decisions.
- Patients will have the right to sue HMOs or their health insurers in federal courts for non-medical decisions.

- There will not be any cap on damages in the state courts.
- Caps imposed by a state on actual or punitive damages will apply. California currently does not have any damage amounts or caps; however, federal damages are limited to $5 million.
- Employers have no legal liability unless the employer participated in the decision that harmed the patient. Ms. Saroyan said that she will research protection for claims processing and appeals through out-sourcing.
- Guarantees patient access to emergency and specialty care with an OBGYN or pediatrician without a referral.
- Patient must have access to medically necessary prescriptions.
- Offer participation in clinical drug trials if no other treatment is possible.
- Mandates a two- tier review process for appeals within the health plan (1) internal review and (2) the creation of independent medical review boards. In order to go to court (federal or state) a patient must exhaust their administrative appeals through the health plan.
- Class action lawsuits are restricted to members within the same employer or to one particular health plan. A cap was put on lawyer's fees and they are to be no more than 1/3 of the total damage award.
- The Patient's Bill of Rights also applies to Federal employees and Medicare recipients.

Vice President Welch asked if there are specifications in the contract with Colonial that prohibits the promotion of other options during the Open Enrollment. Rebecca Saroyan stated that because of past problems with Colonial, a clause was added to last year's contract that requires Colonial to have prior approval from HSS before a different enrollment plan can be offered during OE. As a result, Colonial violated terms of the contract when the plan under POA was offered.

07122001-03 Action Item **Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.**

Mike Kramer announced to the Board that they do not have a financial report and but will present a year-end wrap up at the next meeting. This will include a status report of the trust fund and claims. A report regarding the Health Plan Membership Statistics, attached as **Schedule #10**, was distributed to the Board. This is a four-page report that outlines occurrences during Open Enrollment. Mike Kramer introduced Mr. Pito Chickering, a new staff member at Towers Perrin.

Staff Recommendation: Accept Report.

Public Comments:
Diane Herman requested information from Towers Perrin regarding the effects of Proposition E compared to the assumptions that were made when it was being formulated.

Action: None.

07122001-04 Discussion Item Report on activities of the Transgender Task Force
Vice President Welch presented to the Board the Transgender Survey Result, attached as **Schedule #11** and the Transgender Benefit Eligibility Criteria, attached as **Schedule #12**. The questionnaire survey was distributed to surgeons, psychiatrists and psychotherapists and the response was nearly 100%. Dr. Welch stated that the survey was helpful in general as well as for actuarial analysis.
The Transgender Task Force has made significant progress towards the administration of the transgender benefit design for Plan 1. The last meeting was held on June 14, 2001 and the focus was on how user friendly are the benefits for the participants. The transgender benefit eligibility criteria development was based on the results of this survey. The HMO meeting had to be rescheduled to Friday, July 13, 2001. The goal of the meeting is to address current benefit issues with regards to the HMOs and structure benefits for the upcoming plan year that will be parallel to the Plan 1 benefit design package. Dr. Welch stated that her recommendation to the Board after tomorrow's meeting is that the work on the ongoing review of the benefits and the structure of the HMO benefits for fiscal year 2002-2003 be folded into the Rates and Benefits Committee meetings in the fall. President Zvanski suggested that:

(1) The HSS contact names and telephone numbers for the Transgender Benefits Unit should be highlighted.
(2) Underline or highlight the phase that applies to both HMO and City Health Plan members.
(3) Add "co-payments are required for surgical benefits, are available regardless of membership in the Plan or HMO," to the last paragraph under Transgender Benefit Eligibility Criteria.

Yvonne Hudson stated that the second page of the eligibility criteria is missing and she will have it faxed to the Board.

Public Comments: None

07122001-05 Discussion Item **Report on recent activities and recommendations of the Finance and Budget Committee.**

President Zvanski announced that Commissioner Deignan is excused; therefore, there will not be a Finance and Budget Committee meeting in July. The next meeting will be in August.

Public Comments:
Jerry De Ryan stated his concerns regarding staffing for the Health Service System.

07122001-06 Action Item **Report and recommendations by Express Scripts for approval of infusion and injectable drug program alternatives resulting from discontinuation of Express Scripts home infusion services.**

Lael Byrne, Account Director for Express Scripts presented to the Board a letter written by Express Scripts (ES) to Deputy City Attorney Rebecca Saroyan, attached as **Schedule #13.** This letter confirms that Express Scripts no longer provides infusion services and proposed transitioning services to Option Care. Express Scripts proposes 2 options to maintain infusion and injectable services for CCSF.

Information requested by the Board:

- Cost comparison of the injectable drug program by Express Scripts and the injectable drug services offered by Beech Street.
- Clarification of injectables.
- Comparison of injectable drug program provided by Beech Street and Express Scripts and which program is more "user friendly," and offers more incentive to members.
- Will the new injectable program result in increased rates?
- Clarification of case management process. Beech Street does not have the same capacity as Express Scripts to track drug use or members using the drug unless those members come through case management.

Staff Recommendation: None
Defer action until next meeting. Amy Norland of Beech Street and Frank Patch of Crescent Health Care will be invited to the August meeting to provide more information regarding the injectable program.

Public Comments: None

Action: None. Board moved and seconded to defer this item until the next meeting in August. Motion passed 5 to 0.

07122001-07 Discussion Item **Reports regarding Network and Health Plan issues**

Joanne Haggerty distributed to the Board a letter distributed to Health Net Group members, attached as **Schedule #14.**

This letter is regarding Health Net's decision to no longer offer it HMO and POS plans in Butte, Humboldt, Lake Sutter, and Yuba counties. President Zvanski suggested that the CCSF members should be reminded that their expiration date is the next Open Enrollment in July. This amendment should be in parenthesis or at the bottom of the letter.

David Durian presented an update regarding the Stanford issue.

Public Comments: Mr. Jerry Ryan had questions regarding the budget and Hetch Hetchy.

07122001-08 Discussion Item **Opportunity to place items on future agendas**

- Finance and Budget Committee Report
- Express Scripts

Public Comments:
Diane Herman recommended that the HSB follow-up on the effect of the UCR data not being updated and the impact this would have to out-of-pocket expenses paid by members.

07122001-09 Discussion Item **Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Public Comments:
Ray Mason, President of the Retired Employees Association commented about ways to improve customer service. Jean Thomas of the Retirees Association expressed concerns about who would be paying the expenses to fix the problems caused by DTIS.

Adjournment: 3:45 PM

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A (6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. For assistance, call Arnetta Brown, HSB Commission Secretary, at 554-1727.

HEALTH SERVICE BOARD

NOTICE AND AGENDA

DOCUMENTS DEPT.
AUG - 6 2001
SAN FRANCISCO
PUBLIC LIBRARY

Regular Meeting
Thursday August 9, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐ **Pledge of Allegiance**

☐ **Call to Order**

☐ **Roll Call**

President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner James Deignan
Commissioner Aleeta Van Runkle
Commissioner Karen Breslin
Commissioner Scott Heldfond
Commissioner Mark Leno

☐ **08092001-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Regular Meeting of July 12, 2001**
- **Special Meeting of July 12, 2001**

Documents provided to Board prior to meeting: Draft version of minutes for each meeting

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

☐ **08092001-02** **Discussion Item**

Reports of Health Service System staff and legal counsel regarding the following matters:

- **City Health Plan Group (Beaulah Smith)**
- **Membership Group (Diana Ferrari)**
- **Finance Group (Bob Hencier)**
- **Legal Counsel Update (Rebecca Saroyan):**
  - **Contract Status Wrap-Up**
  - **Administrative Code Update**

Documents provided to Board prior to meeting:

			❶ *Claims processing status report* ❷ *Weekly telephone reports and graphs* Public Comments:
☐	08092001-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** *Documents provided to Board prior to meeting: Draft report for the month of June 2001.* Staff Recommendation: Accept report Public Comments: Action:
☐	08092001-04	Discussion Item	**Report on activities of the Transgender Task Force (Commissioner Welch).** *Documents provided to Board prior to meeting: None* Public Comments:
☐	08092001-05	Action Item	**Approval of final selection of Towers Perrin to provide actuarial and consulting services effective July 1, 2002.** *Documents provided to Board prior to meeting: Letter to Towers Perrin regarding results of Actuarial RFP Process.* Staff Recommendation: Approve Towers Perrin as Actuary to the Health Service Board effective July 1, 2002. Public Comments: Action:
☐	08092001-06	Action Item	**Report and comparison between Express Scripts and Beech Street alternatives for delivery of infusion and injectible drug program resulting from discontinuation of Express Scripts IVTX program.** *Documents provided to Board prior to meeting:* Staff Recommendation: None Public Comments: Action:
☐	08092001-07	Discussion Item	**Explanation of benefits for 2001-2002 plan year (Sharon Fusco, UBH).** *Documents provided to Board prior to meeting: MHSA Benefits Grid, UBH Article for Newsletter, and MHSA Transition Plan.* Public Comments:

☐	08092001-08	**Discussion Item**	**Report by Colonial Insurance Company regarding enrollment irregularities during 2001-2002 Open Enrollment (Lane Stephens, Colonial).** *Documents provided prior to meeting: Letter to newly enrolled members.* Public Comments:
☐	08092001-09	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** *Documents provided to Board prior to meeting: None* Public Comments:
☐	08092001-10	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
☐	051 02001-11	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

Adjourn

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call Arnetta Brown at 554-1727.

SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices is prohibited at Health Service Board meetings and its' committee meetings.
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.

DISABILITY ACCESS

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

- American Sign Language interpreters will be available upon request.
- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting or hearing are available in alternative formats.

If you require the use of any of these services, please contact Arnetta Brown at (415) 554-1727 at least 72 hours prior to the meeting.

In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, Boards, Councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall by mail at Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna_Hall@ci.sf.ca.us

HEALTH SERVICE BOARD

MINUTES

Regular Meeting
Thursday August 9, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

DOCUMENTS DEPT.
OCT - 4 2001
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PLEDGE OF ALLEGIANCE
CALL TO ORDER 1:10 PM
ROLL CALL

President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond
Commissioner Mark Leno, Absent
Commissioner Aleeta Van Runkle

08092001-01 Action Item **Approval (with possible modifications) of the minutes of the following meetings:**

- Regular Meeting of July 12, 2001
- Special Meeting of July 12, 2001

Staff Recommendation: Approve minutes
Board recommended amendments to the Regular Meeting minutes of July 12, 2001.

Public Comments: None

Action: Motion was moved and seconded by the Board to approve with amendments the Regular Meeting minutes of July 12, 2001and the Special Meeting minutes of July 12, 2001. Motion passed 6-0.

08092001-02 Discussion Item **Report of Health Service System staff and legal counsel regarding the following matters:**

Yvonne Hudson announced that the Director's Awards Dinner held on August 2, 2001 at the Holiday Inn was well attended by the HSS staff and HSB Commissioners. Diana Ferrari received a Leadership Award that recognized her outstanding work last year.

City Health Plan Group
Beaulah Smith distributed the following reports to the Board for review:

- 2000-2001 Medical Claims Activity Report, attached as **Schedule #1**.
- Weekly Summary of Telephone Activity Reports, attached as **Schedule #2**
- Monthly Summary of Telephone Activity Year to Date Report, attached as **Schedule #3**.

Ms. Smith reported that Express Scripts' delay in the delivery of Membership ID cards to employees caused a heavy increase in calls during July. She also reported a slight increase in the claims processing time and that this situation will be watched. A company has been located that can provide Usual and Customary Rate (UCR) information. Ms. Smith is waiting to receive data on cost and requirements to install information in the HSS System. Commissioner Zvanski noted the direct correlation between increased staffing and the turn around time involved for processing claims. Commissioner Breslin voiced concern on the effects to members of the UCR information of having not been updated. Deputy City Attorney Rebecca Saroyan said that the members were underpaying for services received as a result of the UCR data not being updated. Roland Mittica reported the following effects of UCR being not updated:

- According to last year's statistics, UCR goes up annually.
- Active employees are utilizing approximately 75% to 80% in network PPO providers and 20%-25% are non-PPO providers.
- The percentage varies with retirees that are eligible for Medicare; approximately 60%-65% use PPO providers and the rest do not.
- Less concern for using PPOs under Medicare, as there is a cap on how much a PPO can charge.
- Employees would be paying more for services as a result of the UCR data not being updated if the PPO-provider is out of network.

Commissioner Breslin stated that it is important that the UCR information be updated as soon as possible.

Membership Group
Diane Ferrari reported 11,518 retirees received a joint letter from Oli Sadler of DTIS and Yvonne Hudson (attached as **Schedule #4**) regarding the incorrect health deduction from their June 30, 2001 retirement check. Because of the over deduction payroll error made

by DTIS, 6,591 letters were mailed to the retirees. There are 4, 927 members with under deducted premiums. DTIS will recover the insufficient deductions from the August 31, 2001 pension checks, attached as **Schedule #5**. There are 2,300 employees whose deductions are on a post tax basis who had double deductions taken out on their checks for the pay period. DTIS failed to give an explanation for this error. Members will receive a letter dated August 9, 2001 that will tell them that this error will be corrected by not taking a Health deduction out of their August 14th paycheck. This letter is attached as **Schedule #6**. Ms. Ferrari presented the following reports to the Board:

- Monthly Summary of Telephone Activity Year to Date Report, attached as **Schedule #7**.
- Weekly Summary of Telephone Activity Reports, attached as **Schedule #8.**
- Update amended copy of the Monthly Summary of Telephone Activity year to Date Report, attached as **Schedule #9**.

To date, EBS has processed 300 applications as the MEA Open Enrollment approaches its second week.
Starting next week, HSS and EBS representatives will have MEA Open Enrollment at various sites though out the CCSF. An EBS enroller will be at Hetch Hetchy on August 13, 2001. A letter notifying 33 former members of Secure Horizons that Secure Horizons will no longer be available as a health care choice for CCSF beginning July 1, 2001 was mailed August 1, 2001. This letter is attached as **Schedule #10.**

Members are warned that they must complete and turn in their HIPAA approved dis-enrollment form in order to have access to the City Health Plan benefits.

Ms. Ferrari announced that 16 members of the HSS staff received certificates of outstanding achievement at the 2001 Employees Recognition Award Dinner on August 2, 2001. Andrea Gourdine, Director of DHR, hosted this event. The award was given for the extraordinary efforts made by the HSS staff to make this year's Open Enrollment a success.

President Zvanski announced the arrival of Dr. Welch to the meeting.

Finance Group
Bob Hencier gave the following updates:

- Year-end closing entries will be finished by tomorrow (Friday, August 10, 2001).
- Accruals will be completed the week of August 27-31, 2001 and the payables and receivables, and financial statements will be published on accrual basis for the June 30, 2001 audit. Accrual based financial statements will be presented on a monthly basis, beginning in November.

- The Towers and Perrin Financial Report does not have a report for the month of July because supporting information from DTIS has not been received yet.

HMO Update

- HSS and Kaiser still have major differences regarding Medicare assignments.
- Health Net discrepancies are not as big as some of the other HMOs. An additional $22,000 has been saved since the beginning of the year. Mr. Hencier reported a reconciliation project savings of $35,000 at the last meeting.
- All reconciliation with PacifiCare is complete and all discrepancies are paid up to and including July 30, 2001. A discrepancy of $47,000 was resolved to $9800. Savings for fiscal year 2000 were $442,000 and the total savings with discrepancy with PacifiCare are $484,000.
- Total discrepancy savings related to PacifiCare and Health Net for 2000-2001 is $542,000.
- KPMG audit will begin in September.

Contract Status Wrap-up
Rebecca Saroyan presented the Contract Status Report, attached as **Schedule #11.**
SHP, the COBRA Administration contract, is complete. The Health Care Accountability Ordinance, administered through DPH, ensures that employees of City contractors that work more than 20 hours a week on a city related matter will have health benefits (next year it will drop to 15 hours). Diane Ferrari confirmed to the Board that any employee who is a member of any Plan for 1 day (not in exempt status) may return as a member during Open Enrollment. The Health Care Accountability Ordinance was passed by the Board of Supervisors and became effective July 1, 2001. Therefore, the requirements are not included in HMO contracts signed prior to the passing of this ordinance. Ms. Saroyan reported that all HSS vendors would have to be in compliance with the ordinance by the next fiscal year.

Administrative Code Update
The Rules Committee will hear the Administrative Code update, sponsored by Supervisor Leno, on September 20, 2001.

Yvonne Hudson announced that Express Scripts would send a letter of apology to new members regarding the delay in mailing ID cards. This letter is attached as **Schedule #12**. Ms. Hudson reported that HSS lost credibility with members because of Express Scripts' constant delay and changing dates of issuance of the ID cards. At one point the cards were even delivered to HSS office. Express Scripts will pay the costs that occurred because of this error. However, by now, all of the members should have their ID cards.

Public Comments: None

08092001-03 Action Item

Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.
Roland Mittica introduced Mr. Jonas Corona, a new intern at Towers Perrin. Mr. Mittica distributed to the Board the financial report, attached as **Schedule #13** and the Recap of 2000-2001 and Outlook for 2001-2002, attached as **Schedule #14**. Because of the fluctuation of the claims totals (Page 13 of the financial report), a worst case scenario in case of a deficit is presented in the recap and outlook report. Mr. Mittica reported that in the event of a deficit, there would still be $2 million in an unallocated surplus at the end of next year.
The decision to use only a small amount of the trust surplus to subsidize Plan 1 rates turned out to be a prudent one.

Staff Recommendation: Accept Report.

Public Comments: None

Action: Motion was moved and seconded by the Board to accept the financial report by Towers Perrin. Motion passed 6-0.

08092001-04 Discussion Item

Report on activities of the Transgender Task Force
Dr. Melissa Welch reported that the last task force meeting was July 13, 2001 and addressed the issues that the HMOs will be facing in order to provide benefits for the up-coming plan year. The task force divided into 3 additional subcommittees that will meet separately and each will focus on one of three areas of concern:

1) benefits and exclusion
2) delivery system issues
3) how to coordinate everything together

The strategy is for each group to meet separately and discuss how to address the issues that the HMOs will face and how to coordinate these problems into the fall and winter Rates and Benefits Committee meetings. Dr. Welch announced that one of her goals is to meet with the Department of Managed Health Care and discuss ways to help the HMOs with the challenges that they will experience which will contribute to achieving her timeline goals. The next meeting with the Transgender Task Force will be September 7, 2001, prior to the start of the Rates and Benefits Committee meetings.

The meeting schedule for the Rates and Benefits Committee for fiscal year 2001-2002 was distributed to the Board. This is attached as **Schedule #15**.

Public Comments: None

08092001-05 Action Item

Approval of final selection of Towers Perrin to provide actuarial and consulting services effective July 1, 2001.

Yvonne Hudson announced that a RFP for actuarial and consulting services was issued on May 30, 2001 to 10 firms. The Health Service System received only 1 proposal and that was from Towers and Perrin. Two clients, Rael and Letson and Buck Consultants wrote letters declining to participate. The deadline to respond was July 13, 2001. Ms. Hudson recommended that the Board select Towers Perrin for actuarial and consulting services beginning July 1, 2002, (see letter to John Small of Towers Perrin, attached as **Schedule #16**). Rebecca Saroyan stated that the contract can be extended another year at the Board's option. Yvonne Hudson told the Board that the Towers Perrin proposal is available for anyone that would like to read it or have a copy of it.

Staff Recommendation: Approve Towers Perrin to provide actuarial and consulting services to the Health Service Board for another year, effective July 1, 2002.

Public Comments: None

Action: Motion was moved and seconded by the Board to select Towers Perrin to provide actuarial and consulting services for another year, beginning July 1, 2002.

Roland Mittica thanked the Board for selecting Towers Perrin and reported that a lot of work and time was put into developing the RFP before presenting it to HSS.

08092001-06 **Action Item**

Report and comparison between Express Scripts and Beech Street alternatives for delivery of infusion and injectible drug program resulting from discontinuation of Express Scripts IVTX program. Heidi Scheppmann of Express Scripts distributed to the Board the following documents:

1) SF Health System Fund/ Express Scripts/ and Beech Street Injectable Drug Programs chart, attached as **Schedule #17**. This is a comparison of cost considerations between Express Scripts (ESI) and Beech Street (Crescent).

2) Injectable Drug Programs, Key Considerations, attached as **Schedule #18**. This outline focuses on current member options, program enhancement, Crescent healthcare services, and member cost.

3) CCSF City Health Plan Injectable Drug Program, attached as **Schedule #19.**

Commissioner Heldfond inquired that since there isn't a net cost to the plan is there a soft cost? Beaulah Smith, CHP Manager recommended that the Board should go with Express Scripts for the injectables and Beech Street for the infusions and keep the two programs separate. Commissioner Welch asked how would the members be notified of these services. Yvonne Hudson reported that she would work with

Express Scripts on writing a letter that will inform members of these changes and how to access these services.

Staff Recommendation: None

Public Comments: None

Action: Motion was moved and seconded by the Board that injectable services be provided through Express Scripts and the infusion program be offered by Beech Street. Motion passed 6-0.

08092001-07 **Discussion Item** **Explanation of benefits for 2001-2002 plan year.**

Sharon Fusco of United Behavior Health distributed the following documents to the Board for review:

1) CCSF United Behavioral Health Transition Benefit attached as **Schedule #20.**
2) New MHSA Benefits through UBH, attached as **Schedule #21.**

Ms. Fusco reported that UBH offers outpatient and inpatient transition treatment through clinical membership services. If the PPO provider is not a member of the network during the transition period, special steps are taken by UBH to accommodate members with keeping their PPO provider. Employees must call UBH between July 1, 2001 and August 1, 2001 to request the special "transition" benefits. The transition period is 90 days.

Public Comments: None.

08092001-08 **Discussion Item** **Report by Colonial Insurance Company regarding enrollment irregularities during 2001-2002 Open Enrollment.**

Mr. Lane Stevens, Vice President of Sales for Colonial admitted to the Board that some of his employees enrolled employees into disability plans other than the plan authorized by HSS. As a result, Colonial is in violation of Section 27 of their contract. Mr. Stevens recommended remedying the error by sending a letter to the insurers. Example of this letter is attached as **Schedule #22**. This letter should:

- Clarify the information that the insurers received.
- Enroll them in the plan that they want.
- Refund them their premiums if they ask for it.

Mr. Stevens said that Colonial is doing whatever it takes to fix the problem for the long term. The long-term solutions include management changes and additional training for new sales representatives.

Public Comments: None

08092001-09 **Discussion Item** **Reports regarding Network and Health Plan issues**

David Durian of Blue Shield announced that Good Samaritan Hospital and San Jose Medical Center are now back into their network, effective

August 1, 2001. Additionally, Regional Medical Center of San Jose is also back into the network. Mr. Durian reported that negotiations with Stanford are ongoing and if Stanford fails to become PCPs with Blue Shield then another medical group that is in the area will be selected by Blue Shield or by the members.

Joanne Haggerty of Health Net confirmed that the Stanford issue does not look good, however they are still in negotiations. Stanford and Menlo Clinic are affected but not the hospitals. The doctors at Coast Side Medical Clinic are affiliated with Mills Medical Group which is with Health Net. More information regarding impact will be given at the next meeting in September. Ms. Haggerty announced to the Board that Health Net received an excellent NCQA accreditation on July 19, 2001 that is confirmed until spring 2004. The Board extended congratulations.

Public Comments: None

08092001-10 Discussion Item **Opportunity to place items on future agendas**

- Usual and Customary Rates (UCR)

Public Comments: None

08092001-11 Discussion Item **Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Public Comments:
Ray Mason, President of the Retirees Association commented about Open Enrollment and the problems experienced with the ID cards.

Adjournment: 2:55 PM

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HEALTH SERVICE BOARD

5

3/01
special
2

NOTICE AND AGENDA

DOCUMENTS DEPT.

SEP 14 2001

SAN FRANCISCO
PUBLIC LIBRARY

Special Meeting
Thursday, September 13, 2001
12:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐ **Call to Order**

☐ **Roll Call**

President Zvanski
Vice President Welch
Commissioner Van Runkle
Commissioner Deignan
Commissioner Heldfond
Commissioner Breslin
Commissioner Leno

☐ **09132001-01S** **Discussion Item** **Public comment on all matters pertaining to the closed sessions**

Public Comments:

☐ **09132001-02S** **Action Item** **Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel (San Francisco Administrative Code section 67.10(d))**

Staff Recommendation: Hold closed sessions

Public Comments:

Action:

CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(C) AND 54956.9(B)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D)

Closed Session I: Consideration of the following appeals pursuant to Section 12.200(5)

☐ **09132001-03S** **Action Item** **Appeal of Denial to be Reinstated to the Healthcare Flexible Spending Account. (HSS No. 65329-00).**

Staff Recommendation: Deny appeal

Action:

RECONVENE IN OPEN SESSION

☐	09132001-04S	Action Item	**Possible report on action taken in closed session (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2))** Action:
☐	09132001-05S	Action Item	**Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.12 (a))** Action:
☐	09132001-06S	Discussion Item	**Opportunity to place items on future agendas** Public Comments:
☐	09132001-07S	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction** Public Comments:

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KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

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INTEROFFICE

HEALTH SERVICE BOARD

5
3/01
2

NOTICE AND AGENDA

DOCUMENTS DEPT.
SEP 14 2001
SAN FRANCISCO
PUBLIC LIBRARY

Regular Meeting
Thursday September 13, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐ **Pledge of Allegiance**

☐ **Call to Order**

☐ **Roll Call**

President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner James Deignan
Commissioner Aleeta Van Runkle
Commissioner Karen Breslin
Commissioner Scott Heldfond
Commissioner Mark Leno

☐ **09132001-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Regular Meeting of August 9, 2001**

Documents provided to Board prior to meeting: Draft version of minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

☐ **09132001-02** **Discussion Item**

Reports of Health Service System staff and legal counsel regarding the following matters:

- **City Health Plan Group (Beaulah Smith)**
- **Membership Group (Diana Ferrari)**
- **Finance Group (Bob Hencier)**
- **Legal Counsel Update (Rebecca Saroyan):**

Documents provided to Board prior to meeting:

● *Claims processing status report*

Public Comments:

☐	09132001-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** *Documents provided to Board prior to meeting: Draft report for the months of July and August 2001.* Staff Recommendation: Accept report Public Comments: Action:
☐	09132001-04	Discussion Item	**Report on activities of the Transgender Task Force (Commissioner Welch).** *Documents provided to Board prior to meeting: None* Public Comments:
☐	09132001-05	Discussion Item	**Introduction of the Rates and Benefits Process (Commissioner Welch).** *Documents provided to Board prior to meeting: Suggested* 2001 Rates and Benefits Committee Meetings table. Public Comments:
☐	09132001-06	Discussion Item	**Discussion regarding Usual and Customary Rates (UCR)** *Documents provided to Board prior to meeting:* None Public Comments:
☐	09132001-07	Discussion Item	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** *Documents provided to Board prior to meeting: None* Public Comments:
☐	09132001-08	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:

☐	**051 02001-09**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

Adjourn

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HEALTH SERVICE BOARD

25

3/01

MINUTES

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OCT 1 9 2001

SAN FRANCISCO
PUBLIC LIBRARY

Regular Meeting
Thursday September 13, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Pledge of Allegiance

Call to Order 1:15

Roll Call

President Claire Zvanski
Vice President Melissa Welch, M.D., M.P.H.
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond, Excused
Commissioner Mark Leno, Excused
Commissioner Aleeta Van Runkle

09132001-01 **Action Item** **Approval (with possible modifications) of the minutes of the following meeting:**

- **Regular Meeting of August 9, 2001**

Staff Recommendation: Approve draft minutes

Public Comments: None

Action:

Motion was moved and second by the Board to approve the Regular Meeting minutes of August 9, 2001 with suggested amendments. Motion passed 5 to 0.

Commissioner Van Runkle noted that clarification of the description of the Health Care Accountability Ordinance mentioned on Page 5 of the August 9th minutes is needed.

- The Health Care Accountability Ordinance is administered through the Purchasing Department, generally requires employers on City contracts or City lessors to offer those employees working 20 hours or more per week health benefits or make a payment to the City or employee, depending on the circumstances.

09132001-02 **Discussion Item** **Reports of Health Service System staff and legal counsel regarding the following matters:**

Yvonne Hudson reported that telephone statistics have not been available for the past three weeks because the telephone monitoring system is down and has to be replaced.

City Health Plan Group (Beaulah Smith)

- Medical Claims Activity Report was distributed to the Board, attached as **Schedule #1.**
- Two temporary staff employees are working full time (replacements for 2 who retired in June).
- Outstanding claims have increased along with the processing time.

Membership Group (Yvonne Hudson)

- MEA open enrollment closed on schedule. EBS showed some improvements.
- 1210 Benefits Analyst list is posted and vacancies will be filled.
- John Tusch, Benefits Technician in Membership, has retired after 28 years of service.

Finance Group (Bob Hencier)
KPMG audit starts next week.
Yvonne stated that the Management Letter from KPMG is scheduled to be on the agenda of the Board's Audit Committee on September 25, 2001.
KPMG is scheduled to make a report to the Board at the next meeting in October.

Public Comments:
Dennis Krueger, of Fire Fighters Local 798, reported his concern for the high number of unpaid claims.

09132001-03 **Action Item** **Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.**

- Mike Kramer presented the current financial report for the month of July and August 2001, attached as **Schedule #2.** Claims for the month of August were very high. A monthly report showing expenses and totals for both months are on Page 13.

Staff Recommendation: Accept report

Public Comments: None

Action:

Motion was moved and seconded by the Board to approve the regular financial report of Towers Perrin. Motion passed 5-0.

09132001-04 **Discussion Item** **Report on activities of the Transgender Task Force (Commissioner Welch).**

- Dr. Welch announced that the activities of the Transgender Task Force are finished and the last meeting was held on September 7, 2001.
- Dr. Welch expressed her appreciation for the hard work of Towers Perrin, all of the HMOs (Kaiser, Health Net, & Blue Shield) and all participants representing the HMOs, legal counsels for Kaiser and Blue Shield, Human Rights Commission, BOS and others.
- The Transgender Task Force was able to reach agreement on specific benefit procedures for coverage and exclusion.
- The first Rates and Benefits Committee meeting will be on Thursday, September 20, 2001. There will be discussions regarding various details and procedures of the benefit design. The Committee will make recommendations to the full Board. The public and Commission are invited to attend and offer public comments.
- Approximately 10 to 18 months are needed by the HMOs to complete the benefits process; therefore it is unlikely that a transgender benefits package will be available by July 2002.

Public Comments:

Marcus Arana of the Human Rights Commission praised the Transgender Task Force, HMOs, Towers Perrin, HSB, and the leadership of Dr. Welch for their hard labor and dedication in the development of the transgender benefit.

09132001-05 **Discussion Item** **Introduction of the Rates and Benefits Process (Commissioner Welch).**

- Dr. Welch presented to the Board the 2001 Rates and Benefits Committee meeting table, attached as **Schedule #3.**
- This table outlines agenda items scheduled from September 2001 through February 21, 2002. The rates and benefits recommendations will be finalized on February 4, 2002. The rates and benefits for 2002-2003 will be approved on February 11, 2002 (HSB Regular Meeting).
- Detailed timetable made by Towers Perrin will be given to the vendors at the September 20th Rates & Benefits Committee meeting.
- President Zvanski stated that she has increased membership on the Rates and Benefits Committee (Dr. Welch is Chair) to include the following commissioners:
    1. Karen Breslin
    2. Jim Deignan
    3. Scott Heldfond
    4. Aleeta Van Runkle

5. Claire Zvanski, *ex officio*

Public Comments: None

09132001-06 **Discussion Item**

Discussion regarding Usual and Customary Rates (UCR)

Roland Mittica of Towers Perrin distributed the following documents:

- Plan 1 Historical PPO Utilization for CCSF, attached as **Schedule #4**. This is an outline that illustrates PPO utilization for the past 3 years and gives the total amount of money used by active employees, retirees with no Medicare, and retirees with Medicare.
- Illustration of Determination of UCR is a table that demonstrates the procedures used to determine reasonable and customary rates by carriers. Another document distributed by Mr. Mittica is the "Results of Survey of UCR Levels in 1989" in San Jose, Dayton, OH, and Eugene, OR. Both of these documents are attached as **Schedule #5.**
- HMOs were asked if they look at pricing when they look at the UCR.
    1. Joanne Haggerty of Health Net stated membership, contract with doctors, geographical area, capitation on shared risk factor, etc. are components that are considered before the price is determined.
    2. David Durian of Blue Shield agreed with Health Net on how to determine pricing.

Public Comments: None

09132001-07 **Discussion Item**

Reports on Network and Health Plan issues (Network and Health Plan representatives).

- David Durian of Blue Shield reported that it does not look like Stanford will be renewing their contract.
- Palo Alto Medical Foundation is filled to capacity and is not taking any new members.
- The San Mateo IPA administered by Blue Shield IPA is an IPA created and administered by Blue Shield. The physicians and specialists are contracted by Blue Shield and are available to accept members from Stanford.
- Joanne Haggerty of Health Net reported that effective January 1, 2002, Health Net will no longer have a contract with Stanford.
- Sutter is presently under negotiations with Health Net. Health Net and PacifiCare are the only medical groups that have Medicare with Sutter. The filing deadline to report to HIPAA about Medicare coverage is Monday, September 17, 2001. Members will be contacted and the Board will be updated of details.

		Public Comments: ▪ Ray Mason, President of the SF Retired Employees Association, commented about what is going to happen to the retirees if the contracts are not renewed with Sutter. ▪ Dennis Krueger of Fire Fighters Local 798 commented about appeals to the Board from members who did not receive the services promised.
09132001-08	**Discussion Item**	**Opportunity to place items on future agendas.** ▪ UCR (continued) ▪ KPMG Public Comments: None
051 02001-09	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** **Public Comments**: Sharon Fusco of UBH stated that they have lines open for questions or concerns regarding the catastrophe in New York. President Zvanski requested a minute of silence in memory of the people who were killed in New York last Tuesday.
Adjourn: 3:35		Adjournment in memory of those who lost their lives in New York.

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San Francisco, CA 94103

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

Regular Meeting
Thursday October 11, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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☐ **Pledge of Allegiance**

☐ **Call to Order**

☐ **Roll Call**

President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond
Commissioner Mark Leno
Commissioner Aleeta Van Runkle

☐ **10112001-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Regular Meeting of September 13, 2001**
- **Special Meeting of September 13, 2001**

Documents provided to Board prior to meeting: Draft version of minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

☐ **10112001-02** **Discussion Item**

Reports of Health Service System staff and legal counsel regarding the following matters:

- **Miscellaneous Issues (Yvonne Hudson)**
  - **- Status of Hiring**
  - **- Video**
- **City Health Plan Group (Beaulah Smith)**
  - **- Claims Activity Report**
  - **- Payment of UBH Claims**
- **Membership Group (Diana Ferrari)**
- **Finance Group (Bob Hencier)**

- **Legal Counsel Update (Rebecca Saroyan)**

Documents provided to Board prior to meeting:

❶ *Letter to DPOs Regarding Video*

❷ *Claims Processing Status Report*

Public Comments:

☐ 10112001-03 Action Item

Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).

Documents provided to Board prior to meeting: Draft report for the months of July and August 2001.

Staff Recommendation: Accept report

Public Comments:

Action:

☐ 10112001-04 Discussion Item

Update report regarding interim Management Letter (Tiffany Rasmussen, KPMG)

Documents provided to Board prior to meeting: Letter from KPMG dated September 10, 2001.

Public Comments:

RATES AND BENEFITS MATTERS

☐ 10112001-05 Discussion Item

Report on activities of the Transgender Task Force (Commissioner Welch).

Documents provided to Board prior to meeting: None

Public Comments:

☐ 10112001-06 Action Item

Decision to allow HMOs to delay including Transgender surgery benefit in their 2002 plan design.

Documents provided to Board prior to meeting: None

Public Comments:

Action:

END OF RATES AND BENEFITS MATTERS

☐ 10112001-06 Action Item

Resolution of Commendation for John Tusch Retirement after 28 years of service

Documents provided to Board prior to meeting: Resolution of Commendation for John Tusch.

Staff Recommendation: Approve Resolution

Public Comment:

Action:

☐ **10112001-07**	Action Item	**Continue discussion and decision regarding Usual and Customary Rates (UCR).** *Documents provided to Board prior to meeting:* None Staff Recommendation: None Public Comments: Action:
☐ **10112001-08**	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** *Documents provided to Board prior to meeting: None* Public Comments:
☐ **10112001-09**	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
☐ **051 02001-10**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

Adjourn

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

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Regular Meeting
Thursday November 8, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐ **Pledge of Allegiance**

☐ **Call to Order**

☐ **Roll Call**

President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond
Commissioner Mark Leno
Commissioner Aleeta Van Runkle

☐ **11082001-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Regular Meeting of October 11, 2001**

Documents provided to Board prior to meeting: Draft version of minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

☐ **11082001-02** **Discussion Item**

Reports of Health Service System staff and legal counsel regarding the following matters:

- **Miscellaneous Issues (Yvonne Hudson)**
  - **Status of DTIS Service Requests**
- **City Health Plan Group (Beaulah Smith)**
  - **Claims Activity Report**
- **Membership Group (Diana Ferrari)**
- **Finance Group (Bob Hencier)**
- **Legal Counsel Update (Rebecca Saroyan)**

Documents provided to Board prior to meeting:

- Claims Processing Status Report

Public Comments:

☐ 11082001-03	Discussion Item	**Discussion regarding Interim Management Letter (Ed Harrington, Controller)** Public Comments:
☐ 11082001-04	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** *Documents provided to Board prior to meeting: Draft report for the month of September 2001.* Staff Recommendation: Accept report Public Comments: Action:

RATES AND BENEFITS MATTERS

☐ 11082001-05	Discussion Item	**Report on activities of the Rates and Benefits Committee (Commissioner Welch).** *Documents provided to Board prior to meeting: None* Public Comments:

END OF RATES AND BENEFITS MATTERS

☐ 11082001-06	Discussion Item	**Report on Status of PeopleSoft Benefits Administration System (Ray Wong, DHR)** *Documents provided to Board prior to meeting: None* Public Comment:
☐ 11082001-07	Discussion Item	**Sunshine Ordinance Training (Deputy City Attorney)** *Documents provided to Board prior to meeting: None* Public Comment:
☐ 11082001-08	Action Item	**Decision regarding updating Usual, Customary and Reasonable (UCR) rates and approval of Resolution Approving Payment of Certain Expenses From the Trust Fund For Purchase of Usual, Customary and Reasonable Rate**

			Information Used in Connection With Updating Provider Reimbursement Rates for City Health Plan. *Documents provided to Board prior to meeting: Draft Resolution* Staff Recommendation: Approve Resolution Public Comments: Action:
☐	**11082001-09**	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** *Documents provided to Board prior to meeting: None* Public Comments:
☐	**11082001-10**	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
☐	**051 02001-11**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

Adjourn

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices is prohibited at Health Service Board meetings and its' committee meetings.
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.

DISABILITY ACCESS

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

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Special Meeting
Thursday, December 13, 2001
12:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐ **Call to Order**

☐ **Roll Call**
President Zvanski
Vice President Welch, MD, MPH
Commissioner Van Runkle
Commissioner Deignan
Commissioner Heldfond
Commissioner Breslin
Commissioner Leno

☐ **12132001-01S**	**Discussion Item**	**Public comment on all matters pertaining to the closed sessions** Public Comments:
☐ **12132001-02S**	**Action Item**	**Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel (San Francisco Administrative Code section 67.10(d))** Staff Recommendation: Hold closed sessions Public Comments: Action:

CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(C) AND 54956.9(B)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D)

Closed Session I: Consideration of the following appeals pursuant to Section 12.200(5)

☐ **12132001-03S**	**Action Item**	**Appeal of Denial to pay airfare, hotel and meal expenses. (HSS No. 89647-02).** Staff Recommendation: Deny appeal Action:

RECONVENE IN OPEN SESSION

☐	12132001-04S	Action Item	**Possible report on action taken in closed session (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2))** Action:
☐	12132001-05S	Action Item	**Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.12 (a))** Action:
☐	12132001-06S	Discussion Item	**Opportunity to place items on future agendas** Public Comments:
☐	12132001-07S	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction** Public Comments:

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

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Regular Meeting
Thursday December 13, 2001
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Pledge of Allegiance

Call to Order

Roll Call

President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond
Commissioner Mark Leno
Commissioner Aleeta Van Runkle

12132001-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** ▪ **Regular Meeting of November 8, 2001** **Staff Recommendation:** Approve draft minutes Public Comments: Action:
12132001-02	**Discussion Item**	**Reports of Health Service System staff and legal counsel regarding the following matters:** ▪ **City Health Plan Group (Beaulah Smith)** ▪ **Membership Group (Diana Ferrari)** ▪ **Finance Group (Bob Hencier)** ▪ **Legal Counsel Update (Rebecca Saroyan)** Documents provided to Board prior to meeting: - *Claims Processing Status Report* Public Comments:
12132001-03	**Discussion Item**	**Report on status of People Soft Benefits Administration (Ray Wong, DHR).** Public Comments:

12132001-04	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** *Documents provided to Board prior to meeting: Draft report for the month of November 2001* **Staff Recommendation:** Accept report **Public Comments:** **Action:**

RATES AND BENEFITS MATTERS

12132001-05	Discussion Item	**Report on activities of the Rates and Benefits Committee-Presentation by Commissioner Welch** *Documents provided to Board prior to meeting: None* Public Comments:

END OF RATES AND BENEFITS MATTERS

12132001-06	Discussion Item	**Beech Street Utilization Report (Amy Norland)** Public Comments:
12132001-07	Discussion Item	**State of the Health Service System (Yvonne Hudson)** Public Comments:
12132001-08	Discussion Item	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Public Comments:
12132001-9	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
12132001-10	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

Adjourn

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

Regular Meeting
Thursday January 10, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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Call to Order

Pledge of Allegiance

Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Mark Leno Commissioner Aleeta Van Runkle	
01102002-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** - **Special Meeting of December 13, 2001** - **Regular Meeting of December 13, 2001** Staff Recommendation: Approve draft minutes Documents provided to Board prior to meeting: *Draft Minutes of Special Meeting; Draft Minutes of Regular Meeting* Public Comments: Action:
01102002-02	**Discussion Item**	**Reports of Health Service System staff and legal Counsel regarding the following matters:** • **TPA for Management Cafeteria Plan (Yvonne Hudson)** - **City Health Plan Group (Beaulah Smith)** - **Membership Group (Diana Ferrari)** - **Finance Group (Bob Hencier)** - **Legal Counsel Update (Rebecca Saroyan)** Documents provided to Board prior to meeting: - *Claims Processing Status Report* Public Comments:

01102002-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month of December 2001* Staff Recommendation: Accept report Public Comments: Action:

RATES AND BENEFITS MATTERS

01102002-04	Discussion Item	**Report on activities of the Rates and Benefits Committee-(Commissioner Heldfond)** *Documents provided to Board prior to meeting: None* Public Comments:

END OF RATES AND BENEFITS MATTERS

01102002-05	Action Item	**Resolution certifying the 10-County Survey amount for fiscal year 2002-2003.** Documents provided to Board prior to meeting: *Draft Certification of "the Average Contribution" Under Ten-County Survey* Public Comments: Action:
01102002-06	Action Item	**Medicare Penalty Rates** Documents provided to Board prior to meeting: None Staff Recommendation: Approve implementation of penalty rates in 2003 plan year. Public Comments: Action:
01102002-07	Discussion Item	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Public Comments:
01102002-08	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
01102002-09	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

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Department of Human Resources

January 10, 2002

Health Service Board

MINUTES

Regular Meeting
Thursday January 10, 2002

1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order

Pledge of Allegiance

Roll Call President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond

Commissioner Aleeta Van Runkle

Commissioner Mark Leno has resigned form the Health Service Board.

01102002-01 **Action Item** **Approval (with possible modifications) of the minutes of the following meeting:**

♉ **Special Meeting of December 13, 2001**

♉ **Regular Meeting of December 13, 2001**

Staff Recommendation: Approve draft minutes

Documents provided to Board prior to meeting: *Draft Minutes of Special Meeting; Draft Minutes of Regular Meeting*

Public Comments: None

Action: Moved and seconded by the Board to approve the Special and Regular minutes of December 13, 2001 with recommended amendments. Motion passed 5 to 0.

Dr. Welch arrived after the vote of the Board to approve the minutes.

01102002-02 **Discussion Item** **Reports of Health Service System staff and legal**

Counsel regarding the following matters:

TPA for Management Cafeteria Plan (Yvonne Hudson)

♉ Out of a mailing list of 25 vendors, the Health Service System received responses from only 3 vendors: SHPS, EBS, and Synergy. An evaluation committee studied each proposal and reported the reasons why the following vendors were not selected. SHPS did not have the ability to acquire vendors and it would be difficult and expensive for them to acquire vendors. It would be difficult and expensive for them to available for Open Enrollment because of their location in Kentucky. Synergy's proposal was poorly written and they failed to answer important requested questions. There wasn't any room in their implementation plan prior to Open Enrollment.

♉ The Third Party Administration (TPA) for Management Cafeteria Plan was awarded to EBS. This two-year contract will become effective July 1, 2002. The new TPA proposal contains more details with high expectations concerning handling customer service issues, performance guarantees and fast resolution of problems, including payment of vendors. These are expectations that are not included in EBS's current contract.

♉ Rebecca Saroyan, Deputy City Attorney, stated that the contract contains a 30-day termination without a cause is standard in a City contract. Prior to finalizing the contract, EBS will attend a meeting with Ms. Saroyan and Ms. Hudson to discuss the following expectations that will be incorporated into the TPA contract:

- Performance guarantees and timelines that will create ways to calculate and penalize EBS for lack of performance, particularly in area of customer service.

- Financial incentive and disincentives will be included in the performance guarantee and may be based upon the percentage of profit.

♉ A letter has been sent to the remaining vendors requesting reasons why they did not respond to the TPA, and suggestions that would make the proposal more appealing in the future. Response to these letters is expected by February 25, 2002 and a report concerning the results will be made to the Board in March.

♉ Commissioner Heldfond stated his concern and dissatisfaction with awarding a new contract with a vendor that has been problematic with the members, HSS organization, and Board. President Zvanski recommended that the contract be monitored closely for compliance because of the significant customer service problems and the Board will consider other options for administration if necessary. Dr. Welch recommended not allowing the staff to re-contract with EBS next year if they fail to comply with the new contract.

♉ Ms. Hudson stated that it is difficult to administer a cafeteria plan when:

1) There aren't any cash options.

2) The contract with MEA allows them to participate in the plan design process.

3) Any changes or additions have to be done by mutual agreement.

4) Changes in the MEA contract are difficult and generally not approved.

City Health Plan Group (Beaulah Smith)

♉ The Board received the Medical Claims Activity Report, attached as **Schedule #1**.

♉ Outstanding claims are 13,797 with average turnaround of 16.85 days for the month of December. All of the temporary staff are trained and are very productive with the assistance of 2 analysts, when possible.

♉ Pending approval, 1 temporary Benefits Analyst will be hired to assist in claims processing.

♉ Effective date for the implementation of the Usual and Customary Rates (UCR) is pending the signing of contract and delivery of package.

♉ Yvonne Hudson stated that the earliest estimation date for implementation is March 2002.

Membership (Diana Ferrari)

♉ Currently preparing for Open Enrollment and starting next week will get price estimates for printing and mailing booklets and other materials.

♉ Some of the booklets that might be printed by DHR are the SFUSD and Community College. The rates will not be included in the booklets this year; therefore, they should go to print sooner. A rate sheet will be put in the booklets that will show what the member is paying as well as what the City is paying for each rate. This will give the member of the full cost of the medical care.

Finance Group (Bob Hencier)

- Baseline for the budget for next year has been established and a 5.5% reduction has been requested from the baseline from DHR per the Mayor's Office.

- Another version of the budget has been requested for a week later showing an additional 10% reduction. This will have a negative effect on staffing for HSS.

- Yvonne Hudson reported that Andrea Gourdine has tried to get some modification to our Salary Savings requirement that is currently $14,000 a pay period. This has a huge impact on staffing with all of the existing vacancies in HSS and our inability to fill them. Unless money comes from other departments/places within the budget to fill these vacancies, the Health Service System will be left without sufficient administrative funds.

- Ms. Hudson stated that it is not clear how the Controller's Office determines how much money is charged to each department. The amount of money for HSS was set when the division was administering only health and dental.

- Audit is nearly completed and financial statements and footnotes have been submitted to KPMG and a meeting has been set for Monday. Next the audit report will be submitted to the Finance and Budget Committee of the Board of Supervisors. This meeting is set for the week of January 31, 2002.

- Posting monthly FAMIS accruals as agreed in the Management Letter agreement. Update report will be given at the next Board meeting.

- 10-County Charter amount has been set for the coming year for $246.69 and represents 15% over the current year.

- Yvonne Hudson and Rebecca Saroyan are investigating the impact of the charter on whether or not we are able to pursue charging penalty rates on Medicare accounts.

Comments from the Board Regarding 5.5% & 10% Budget Cuts.

- Commissioner Heldfond suggested challenging the cost factor that is involved in handling paper for processing benefits and claims, and that there is a substantial amount of money that can be recovered over the next two years.

- Dr. Welch mentioned the importance in knowing the percentage rate in salary savings in regards to staffing.

- Commissioner Deignan stated that Ms. Hudson is on the right track in her request for financial responsibility from other departments.

Legal Counsel Update (Rebecca Saroyan)

♉ Announcement of the new City Attorney, Dennis Herrera.

♉ In regards to UCR contract, Ms. Saroyan expressed disappointment with the lack of response from Ingenex. The contract has been in their office for over a month. Beaulah Smith will try to contact them.

♉ Roland Mittica stated that he is not familiar with Ingenex; however United Health Care owns the company and they will try to get information from associates that work there.

Public Comments:

♉ Scott Boore of Colonial Life and Accident stated that Colonial does not have a contract or a commission relationship with EBS during the MEA Open Enrollment.

01102002-03 **Action Item** **Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.**

♉ Board received financial report (Highlights) for the month of December 2001 and fiscal year to date July 1, 2001 to December 31, 2001. This report is attached as **Schedule #2**.

♉ Congratulated Beaulah Smith and the City Health Plan Group for their efforts at managing the outstanding claims to the point that the payment of claims reflected some reduction.

♉ Noted possible reasons why claims processing experience has so many surges during a plan year, which results in the variable expense totals for Plan 1:

- Fiscal year renewal date is July 1st while most businesses start date is January 1st and the deductible starts over again.

- Seasonal impact associated with times when members are sick and feel like filing etc. contributes to claims being higher at the end of the year-November, December, January and February. Characteristically, people do not get as sick during the summer and vacation months.

- Affected, also, by the seasons are the employers and the nature of the work and if it is during the busy season, etc.

- Members have a tendency to lag when submitting their claims.

- There isn't any lag on drug claims since the deductible has been removed. Inflation is reflected in the increase in drug claims. This represents a huge impact on Plan 1 since most of the members are retirees and drugs are 50% of the cost to the Medicare eligible retirees in this group.

- Dr. Welch noted that the paid claims for pharmacy in the past year is 50% of the total expenses paid for medical for all groups.

- Towers Perrin confirmed this observation and stated that this is a reflection of the breakdown of the age of the population in Plan 1:

1) 20% drug expense for active employees.

2) 55% to 65% range for retirees over 65 years of age with Medicare-offset because Medicare covers hospitalization, but not pharmacy.

- Towers Perrin received a membership calculation statement from Diane Ferrari, Manager of Membership. In Plan 1 there are 2, 700 active employees, 1,100 to 1,200 retirees without Medicare, and 5,000 retirees with Medicare.

Staff Recommendation: Accept report

Public Comments: None

Action: Moved and seconded by the Board to accept Towers Perrin financial report. Motion passed 6 to 0.

RATES AND BENEFITS MATTERS

01102002-04 Discussion Item **Report on activities of the Rates and Benefits Committee-(Dr. Welch)**

♉ The Rates and Benefits Committee will be able to submit formal recommendation to the full Board on time and will meet the February 14, 2002 deadline.

♉ Encouraged committee members to keep past and up-coming meeting minutes available for reference through the end of the rating process.

♉ January 17, 2002 Rates & Benefits meeting will be focusing on Plan 1 (prescription drugs, vision, and dental). This meeting is scheduled for 3 hours to ensure sufficient time to address all remaining issues.

♉ February 4, 2002 meeting will be for concluding all business for the fiscal year; however, January 31, 2002, has be tentatively set in case more time is needed to close.

Public Comments: None

END OF RATES AND BENEFITS MATTERS

01102002-05 Action **Resolution certifying the 10-County Survey amount for fiscal year 2002-2003.**

Item

♉ The Board received the draft Certification of the Average Contribution Under the 10-County Survey. This is attached as Schedule #3.

♉ The 10-County Survey amount has increased from $213.93 to $246.69 (represents a 15.3 increase).

Staff Recommendation: Approve resolution

Public Comments: None

Action: Motion was moved and second by the Board to approve the resolution certifying the 10-Coumty Survey amount for fiscal year 2002-2003. Motion passed 6-0.

01102002-06 **Action** **Medicare Penalty Rates**

Item

♉ Board received "Information Relative to the Medicare Surcharge." This is attached as **Schedule #4**.

Purpose

♉ The Committee confirmed the need of information concerning Medicare rates and penalty rates. This would help the Board to (1) make a decision regarding imposing penalties to the existing rates to the eligible retirees without Medicare, who are in fact, eligible to have it. (2) Get a determination to what steps to take in the current benefits process on how the rates and benefits are applied for the current year in relationship to Kaiser and Health Net.

♉ Rebecca Saroyan is currently researching the appropriateness of applying the penalty to the rates. Prop E has changed the way a retirees pay their premiums. As a result, it is necessary for further investigation to see if the Medicare penalty rate is legally permissible under the Charter. Unfortunately, the Charter does not give clear guidance on this issue.

♉ Ms. Paula Jesson, Senior Attorney in the City Attorney's Office government team, was invited by Ms. Saroyan to report to the Board in February regarding permissibility given Prop E.

♉ Diana Ferrari presented a historical report regarding the Medicare surcharge and the past and present practices of administering Medicare penalty rates.

♉ Currently, the number of non-compliant members is 190 enrolled in Plan 1, 465 enrolled in Kaiser, and 172 enrolled in Health Net.

♉ Ms. Saroyan complimented Ms. Ferrari's report as being the most complete historical documentation regarding the chronology of the Medicare surcharge issue.

♉ Towers Perrin distributed a "Determination of Retiree Contribution to the City Health Plan." This document is attached as **Schedule #5**.

- Yvonne Hudson stated that currently she is looking at a claims administration process outside of the Health Service System Office with the Third Party Administrator (TPA). If this is accepted, then the expectations should be incorporated into the responsibilities of the TPA.

Staff Recommendation: Approve implementation of penalty rates in 2003 plan year.

- The commissioners agreed that proper notification (warning letter) should be sent to all retirees informing them that they may face serious financial consequences if they do not enroll in Part B Medicare. A penalty (could be no less than $500 on the premium) will be accessed against the Medicare eligible that does not enroll. Meanwhile, the Board will have to decide the actions available to them for penalty.

- Dr. Welch recommended that Towers Perrin and Rebecca Saroyan meet with HSS for language and present a letter and recommendations to the Rates and Benefits Committee on February 4, 2002.

Public Comments: None

Action: Motion was moved that the HSS staff work with the Deputy City Attorney and Towers Perrin work on a notice to go out to the select retiree group, advising them that they may face significant financial consequences if they do not enroll in Part B Medicare. Enrollment must be as soon as they become eligible. If they do not believe they are eligible for Part A and therefore, do not qualify for Part B, then they can purchase Part B in order to avoid financial consequences. Motion died for lack of a second.

Amended Motion

Action: Motion was moved and seconded by the Board to direct the Deputy City Attorney to work with Towers Perrin and the HSS staff and develop a draft letter concerning the consequences for not enrolling in Medicare. The letter must be returned to the Board with options on how to assess (surcharge, penalty or any other means of recovering costs currently incurring from this population) to the February 4, 2002 Rates and Benefits meeting. Motion passed 5 to 1.

01102002-07 **Discussion Item** **Reports on Network and Health Plan issues (Network and Health Plan representatives).**

Joanne Haggerty of Health Net

- Claims will be paid electronically and a draft letter will be sent to staff tomorrow for approval. Health Net would like to mail out the letters on the week of January 18, 2002, to all Medicare members (Health Net is secondary). The letter requests retirees to five full Medicare number and upon receipt of this information, Health Net will put the numbers into the data entry. Eliminates seniors from taking the Medicare EOB and mailing it for reimbursements that cause a delay in paying the provider. The provider will be paid electronically.

♉ No adverse selection means every carrier offers the same coverage across the board to actives and retirees. The statement is not a threat but a statement referencing an uneven playing field.

Jane Fronk of Kaiser

♉ Echoed Joanne Haggerty's statement of adverse selection. Additionally, it is a critical issue with all HMOs. Like Health Net, this is not a threat, but the adversity could cause an increase in the rates and other plan design changes.

Public Comments: None

01102002-08 **Discussion Item** **Opportunity to place items on future agendas.**

♉ Further discussion regarding the 10-County Survey results of other counties.

♉ Update on the replacement of Mark Leno from the Board of Supervisors.

Public Comments: None

01102002-09 **Discussion Item** **Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Adjourn:

Public Comments: None

3:45 PM

♉ A moment of silence in honor of the passing of Mr. Thomas (Jean Thomas' husband) and former Police Chief, Al Nelder.

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

♉ Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.

♉ A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.

♉ A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call Arnetta Brown at 554-1727.

DISABILITY ACCESS

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

- American Sign Language interpreters will be available upon request.

- A sound enhancement system will be available upon request at the meeting.

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In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, Boards, Councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall by mail at Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna_Hall@ci.sf.ca.us

Lobbyist Registration and Reporting Requirements

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HEALTH SERVICE BOARD

5

4/02

NOTICE AND AGENDA

DOCUMENTS DEPT.

FEB 11 2002

SAN FRANCISCO
PUBLIC LIBRARY

Regular Meeting
Thursday February 14, 2002
11:30 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order

02-11-02A00150 RCVD

Pledge of Allegiance

Roll Call
President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond
Commissioner Aleeta Van Runkle

02142002-01 **Action Item** **Approval (with possible modifications) of the minutes of the following meeting:**

- **Regular Meeting of January 10, 2002**

Staff Recommendation: Approve draft minutes

Documents provided to Board prior to meeting:

Draft Minutes of Regular Meeting

Public Comments:

Action:

02142002-02 **Discussion Item** **Reports of Health Service System staff and legal Counsel regarding the following matters:**

- **Status of 10-County Certification (Yvonne Hudson)**
- **City Health Plan Group (Beaulah Smith)**
- **Membership Group (Diana Ferrari)**
- **Finance Group (Bob Hencier)**
- **Legal Counsel Update (Rebecca Saroyan)**

Documents provided to Board prior to meeting:
- *Claims Processing Status Report*

Public Comments:

02142002-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month of January, 2002* Staff Recommendation: Accept report Public Comments: Action:

FINANCE AND BUDGET MATTERS

02142002-04	Discussion Item	**Report on activities and recommendations of the Finance and Budget Committee (Commissioner Deignan)** Documents provided to Board prior to meeting: *None* Public Comments:
02142002-05	Action Item	**Resolution authorizing expenditure of up to $375,000 from the Trust Fund for 2002 Open Enrollment expenses** Documents provided to Board prior to meeting: *Draft resolution* Staff Recommendation: Adopt resolution Public Comments: Action:
02142002-06	Action Item	**Resolution authorizing expenditure of up to $80,000 from the Trust Fund for active and retiree City Health Plan Guides for plan year 2002-2003** Documents provided to Board prior to meeting: *Draft resolution* Staff Recommendation: Adopt resolution Public Comments: Action:

END OF FINANCE AND BUDGET MATTERS

RATES AND BENEFITS MATTERS

02142002-07	Discussion Item	**Report on activities and final recommendations of the Rates and Benefits Committee for fiscal year 2002-2003 (Commissioner Welch)** Documents provided to Board prior to meeting: *Summary of 2002-2003 Rates and Benefits Activity prepared by Towers Perrin* Public Comments:

02142002-08 **Action Item** **Adoption of final rates and benefits for fiscal year 2002-2003.**

Documents provided to Board prior to meeting: *None*

Staff Recommendation: Adopt final recommendations of the Rates and Benefits Committee

Public Comments:

Action:

END OF RATES AND BENEFITS MATTERS

02142002-09 **Discussion Item** **Reports on Network and Health Plan issues (Network and Health Plan representatives).**

Public Comments:

02142002-10 **Discussion Item** **Opportunity to place items on future agendas.**

Public Comments:

02142002-11 **Discussion Item** **Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Public Comments:

Adjourn

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Department of Human Resources >> Meeting Information >> Health Service Board: Full Committee

Department of Human Resources

Febuary 14, 2002

Health Service Board

MINUTES

Regular Meeting
Thursday February 14, 2002

11:30 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order 11:36 AM

Pledge of Allegiance

Roll Call President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond

Commissioner Aleeta Van Runkle

Mila Palarca acted as Commission Secretary in the excused absence of Arnetta Brown.

Agenda Items Order Changed by President Zvanski

ɣ Commissioners recommended that the Rates and Benefits item numbers 7 and 8 be discussed immediately upon the arrival of Dr. Welch. President Zvanski announced that Dr. Welch will be late (she was not present at roll call) and the change of items will commence upon her arrival.

02142002-01 **Action Item** **Approval (with possible modifications) of the minutes of the following meeting:**

ɣ **Regular Meeting of January 10, 2002**

Staff Recommendation: Approve draft minutes.

Public Comments: None

Action: Moved and seconded by the Board to approve minutes of January 10, 2002 with recommended amendments. Motion passed 5 to 0.

02142002-02 Discussion Item Reports of Health Service System staff and legal

Counsel regarding the following matters:

Status of 10-County Certification (Yvonne Hudson)

· 10-County Certification amount was approved by the Board of Supervisors during its February 4, 2002 Finance & Budget Committee meeting.

· Approval of requisitions has not been received from the Mayor's Office; therefore, HSS is still waiting to fill staff vacancies. Staffing shortage will create problems with fulfilling needs necessary for the operation of Open Enrollment as well as the workload on a daily basis. Staff is presently tired from working overtime regularly in order to complete job duties. Another problem created by the constant overtime is the accumulating comp time that authorizes the staff to request time off in the future.

· Proposal to cut services is necessary in order to make sure accounts are accurate and members are enrolled on time. The following services will be cut:

> - Telephone hours will be severely cut to approximately to 2 days a week, 2 hours a day. This will be necessary in order to have time to process paper work. The technician who retired processed benefits for over 9,000 employees (including the Health Department). A benefits analyst is now doing this job.

Board Comments

· Commissioner Van Runkle (Chairperson of the HSS Customer Service Task Force) agreed to meet with Yvonne Hudson and HSS management to discuss ways to address current problems.

· President Zvanski requested the Deputy City Attorney, Rebecca Saroyan, to review and interpret the meaning of the phrase "*the City shall provide,*" in the Charter and how to use this to address Health Service System's staffing and service problems.

· Colonial short-term disability agreement ends on June 30, 2002. Colonial has concerns about HSS participation being below 10%. Presently considering offering through POA on a post tax basis as an option for members who have Colonial and wish to continue their short-term disability insurance. A letter to notify members of their options and any other changes will be sent prior to Open Enrollment.

City Health Plan Group (CHP) presentation by Beaulah

Smith The Board received the Medical Claims Activity report. This document is attached as **Schedule #1**. Outstanding claims for the month of January 2002 is 13,150 and with average turnaround time of 15.89 days. In spite of the hold on hiring, the City Health Plan Group's goal is to maintain consistent inventory control and performance levels.

· Mental health claims had always been the easiest claims for CHP to process. There are already limits to the number of services allowed. Since the claims are subject to deductibles and maximums, they require processing by CHP. UBH is responsible for preauthorization, utilization management and pricing.

· UBH now sends transmittals to Claims. The process is cumbersome because it takes UBH 2 to 3 months from the billing date to submit them to Claims, whose turnaround time to process these transmittals is 3 weeks.

· Effective processing of the mental health substance abuse claims is an on-going problem with UBH (awarded contract on July 1, 2001):

- UBH is responsible for the pre-authorization process, utilization management and the pricing. This information is transferred over to a transmittal and then sent to Claims with copies of the bills. This procedure delays claims processing because it takes 2 to 3 months to receive transmittals and interrupts the 3 week turnaround time.

- The quality of the transmittals is poor. 90% of the transmittals are returned to UBH for corrections and clarifications. After many conference calls, UBH continues to make errors consistently.

- CHP has received many complaints (letters & calls) regarding the turnaround time of claims. Complaints from members include:

(1) Why the switch over to UBH, it isn't working.

(2) Delay in receiving their payments.

(3) Complaints from the providers and members

(4) regarding the approval/denial process.

- UBH staff in Houston remains uncertain of city (CCSF) benefits, even after several meetings and conference calls with CHP. Problems increase because of misinformation given to members and providers regarding the parity act of 1999 and because UBH has distributed the telephone number of the CHP manager to providers and members for routine claim inquiries instead of customer service.

- Houston staff issued members a new address to use prior to the effective date of the address change, March 1, 2002. This was done without notice to CHP. Confusion and misrepresentation was created when members informed CHP staff of the change instead of UBH.

- Sharon Fusco of UBH was sent a letter outlining these issues and copies of complaint letters. Ms. Fusco was invited to the HSB meeting to address issues.

- Ms. Smith received email from UBH stating that as a result of incident of September 11th in New York, increased challenges have forced them to hire and train new staff.

- Ms. Smith stated that while CHP understands their staffing issues, it does little to console very irate members and providers or repair the damage to the improvements staff has made in customer service over the last year and half.

Board Comments

· President Zvanski recommended scheduling a meeting with Sharon Fusco with Rates & Benefits Committee. If she is not available, then she will be invited to the next full Board meeting.

· Attorney Rebecca Saroyan informed the Board that lack of performance/breach of contract is grounds for termination of contract. The UBH contract will be reviewed.

Membership Group (Diana Ferrari)

· Board received the Open Enrollment Timeline for fiscal year 2002-2003, attached as **Schedule #2**. MEA enrollment will be included for the first time.

· There have been numerous telephone conference call meetings with COBRA Administrator, SHPS, regarding coordination of Open Enrollment process. HSS will send a supply of open enrollment booklets to SHPS on March 15, 2002. SHPS will be responsible for notifying all eligible COBRA participants about the enrollment and mailing out packets by March 22, 2002.

· A temporary employee was hired on Monday to update the five membership booklets. Major changes in the School District will be received tomorrow.

· MEA booklets will be more detailed and EBS has sent more revisions.

· Medical and dental changes are expected from the vendors no later than February 20th and drafts will be provided to the Board by February 25, 2002. The booklets are scheduled to be printed on March 1, 2002.

· There will not be any Open Enrollment satellite sites except at Hetch Hetchy. Representatives from City Health Plan, Kaiser, Health Net, Blue Shield, Delta Dental and EBS are scheduled to be there on April 12, 2002. President Zvanski confirmed that she would be present at the site as well.

· The Health Fair will be at the Retirees Association monthly meeting on April 12, 2002, at the Irish Cultural Center.

· Main site for Open Enrollment will be in the basement of City Hall (outside the Department of Elections).

· The Board received a flyer reminding members to give Payroll update of home address changes. The reverse side announces Open Enrollment and a message from HSS regarding health care coverage costs and member contributions, attached as **Schedule #3. A** checklist of how to avoid the most common mistakes during Open Enrollment is attached as **Schedule #4**. These flyers will be included in the Open Enrollment packet.

Finance Group (Bob Hencier)

· Departmental Administrative Budget is at DHR and the Budget Office for review and the Board will be updated on the decisions regarding the 5.5% and 10%.

· Agreement has been reached with Kaiser regarding the close out of 22 months worth of discrepancies caused by wrong rate codes from January 2000 through October 31, 2001. A temporary consultant has been hired to review Kaiser's rate code discrepancies for the month of November.

· Agreement has been reached for $20,000 for the discrepancies with Health Net.

· Rate setting will begin tomorrow and HSS will publish how much the members will have to contribute and how much the City pays on behalf of the members.

· Design work for the new accounting system is on going and top priority. Problems include working with the failing Wang system and staff shortage caused by the amount of time needed to work on the new design project.

· KPMG audit report is still incomplete and has not been released. KPMG representative will be at the next HSB meeting.

Legal Counsel Update (Rebecca Saroyan)

· The Ingenix agreement was finalized last week and Beaulah Smith faxed order for the UCR application software. Software is expected to be in by next week.

· Yvonne Hudson and Rebecca Saroyan met with Chimane Rhodes of EBS and requested performance guarantees tied to financial incentives. Purpose of the request is to create concrete goals and recommendations to which EBS will commit.

· Discussions with EBS also included ways to reduce accruing travel cost during the MEA open enrollment to off site City officials. A list of these officials will be given to Yvonne Hudson.

· Express Scripts' injectible infusion drug contract expired in October 2001 and they have failed to respond to Ms. Saroyan's numerous requests for a new deductible contract.

Express Scripts, Lael Byrne

· Apologized for failing to submit addendum to the injectible infusion contract of July 1, 2001 (2-year contract).

· Received final revisions of contract from Rebecca Saroyan in December 2001.

· Promise to have the addendum in the hands of the Board no later than a week from Friday.

Board Comments

· Commissioner Van Runkle urged Ms. Byrne to meet the deadline for submitting the addendum and to refrain from delays that cause the Board and the Deputy City Attorney to spend time on follow-up. The Board agreed with the necessity for closure.

· Commissioner Zvanski received assurance from Ms. Byrne that the complaints made to the Board regarding interruption of mail order services are not connected with the reorganization of Express Scripts.

Public Comments: Tim O'Brien of Retired Firefighters' & Widows' Association commented about the importance of a budget that will maintain health benefits for members.

Order of Agenda Items Change/Dr. Welch arrives

02142002-03 Discussion Item **Report on activities and final recommendations of the Rates and Benefits Committee for fiscal year 2002-2003 (Commissioner Welch)**

· Board received from Towers Perrin the CCSF/HSB Summary of 2002-03 Rates and Benefits Activity, attached as **Schedule #5**. Recommendations of the Rates and Benefits Committee are outlined on Pages 2-8.

· Appendices:

A. Alternatives in HMO Pricing

B. HMO Pricing Options

C. Rating Alternatives-Blue Shield

- Recommendation is to carry forward to include a retiree plan as outlined on pages C-3 and C-4 in Scenarios 11, 14 and 17.

D. Rating Alternatives-Health Net

- Recommendation to Board for plan changes is outlined on Pages D-1 and D-3 and in Scenarios 2 and 14.

E. Rating Alternatives-Kaiser

- Recommendations are on Pages E-4 in Scenarios 16, 19, and 21.

F. Alternatives in Plan 1 Pricing

G. Plan 1 Pricing Options

H. Rating Alternatives for Plan 1

- Recommendations to the Board are on Pages H-8 in Scenarios P1-37, P1-38, and P1-39.

I. Financial Status of the Trust Fund and Reserves

J. Trust Fund Subsidy

K. Summary of VSP Renewal

L. Summary of Dental Renewal

· Dr. Welch stated that she is in agreement with the summary of the VSP and Dental renewal as listed on Pages 6, 7, and 8.

· The component of the Towers Perrin's report is considered her recommendation of the summary of the activities of the Rates and Benefits Committee for the rates for FY 2002-03.

Public Comments:

· Tim O'Brien of the Retired Firefighters' Association expressed concern regarding the deductions in premiums and reduction of benefits for those who need it the most.

· Nancy Gin, retiree, expressed the concern about "pay back cost" because of the passage of Prop E and the increase in premiums.

· John Madden, retiree, recommended that Plan 1 benefits remain as they are without the increase in co-payments or deductibles and with the addition of the hearing benefits; considering the discovery of additional millions in the trust fund.

· Jean Thomas, retiree, recommended that the Plan remain the same and not to increase co-payments and the deductibles.

· Bill Fiore, representative of Local 21, expressed concern about the sky rocketing increases in deductible costs and co-payments.

· Shirley Davidner, expressed concern with the increased deductibles and co-payments.

· Sol Weiner of the Retired Police Officers rejected the 3 minutes limit given to each speaker.

· Jerry De Ryan, retiree, rejected increases of benefits and deductibles. He urged the Board to leave Plan 1 as it is and include the hearing aid benefit.

· John Lehane, retiree, commented about the increased co-payments and deductibles.

02142002-04 **Action Item** **Adoption of final rates and benefits for fiscal year 2002-2003**.

Plan 1

· Committee had recommended at the Rates and Benefits Committee meeting using $3 million dollars from the trust fund as a subsidy to Plan 1 rates.

· Scenario P1-37 raises the hearing aid rate and the $3 million dollars subsidy would realign the UDR rates and would be more cost effective for members. Everything else in Plan 1 will remain the same.

· Scenario P1-38 only change is to raise the pharmacy co pays from $9/$18 to $10/$20.

· Scenario P39 establishes a 3-tier that would keep the $9/ $18 and add a $28 structure that would be a high cost for non- preferred agents.

Commissioner Heldfond moved to approve Scenario P1-38 with the $10/$20 copay.

Public Comments:

· Tim O' Brien urged the Board to reject this motion and adopt P1-37.

· Nancy Gin, retiree urged the Board not to accept P1-38 motion.

· Linda Joseph of SEIU of 535 recommend that the increase cost should be put into the premium instead of the co-pays and to reject P1-38 and accept P1-37.

· Ray Mason, President of the Retirees Association encouraged the Board to accept Scenario P1-37.

Board Comments:

· President Zvanski encouraged the Commissioners to do their best to give the best premiums and the most affordable benefits to members without using up the small raises that they have received through the ballots and MOUs.

· Dr. Welch stated that the trust fund did not make money in the past year. Some of the subsidy that the Board is looking at and trying to use is to off set premium for the up coming year and is subject to investigation to determine the source of the money. Therefore, the Board is taking a risk in using the subsidy. The pharmacy utilization cost is out of control because of the rising cost of pharmaceuticals that is mostly attributable to the aging population.

· City Attorney Rebecca Saroyan reminded the Board that the Charter requires five votes for passage of rates.

Action: Motion to accept Scenario P1-38 was tied 3 to 3. Motion failed.

Staff Recommendation:

> · Commissioner Deignan moved that the Board adopt Scenario P1-37 with $3 million dollars subsidy.

Public Comments: None

Action: Motion to adopt Scenario P1-37 was moved and seconded by the Board. Motion passed 6 to 0.

Blue Shield

Staff Recommendation:

· Dr. Welch moved to adopt Option 14-(Appendix C-3)

· Commissioner Karen Breslin requested Option 14 be modified to $5/$10/$20 instead of $5/$10/$25.

· President Zvanski and the Committee agreed to modify Option 14 co- pay to $5/$10/$20. Other than raising the hearing aid benefits and including retirees, the plan remains the same.

Public Comments:

· Jane Fronk of Kaiser asked the Board to reconsider the $5 office visit while Kaiser's office visit is $10. Reminded the Board about the importance of parity across the board.

· Joanne Haggerty asked for the reconsideration of the $5 option that is not an option presented to Health Net and that parity across the board is important.

Action: Moved and seconded by the Board to adopt the modified Option 14 (co-pay $5/$10/$20). Motion passed 6 to 0.

Health Net -Appendix D-1 and D-3

Staff Recommendations:

> · Dr. Welch recommended Scenario 2 with the adjustment of the office co-pay down to $5. The pharmacy co-pay goes from a $5/$5/$15 to a $5/ $10/$25. All other items are the same across the board with other plan benefits.
>
> · Commissioner Breslin recommended amending pharmacy co-pay to be consistent with Blue Shield.
>
> · President Zvanski recommended Option 8 on Page D-2 with the adjustment of $20 in the 3-tier for pharmacy.

Public Comments:

· Tim O'Brien asked about the increased cost for retirees on Medicare and a dependant that is not on Medicare.

Action: Motion moved and seconded by the Board to adopt Option 8 (modified to $20 in the 3-tier for pharmacy). Motion passed 6 to 0.

Commissioner Heldfond expressed gratitude to Dr. Welch for her outstanding work with the Rates & Benefits Committee. He stated that most of the Board's work and challenges are done in the Rates & Benefits Committee. The Board agreed and thanked her for her leadership.

Kaiser

Options 16, 19, and 21.

Options that are consistent to the $5 co-pay-E-3 Options

10, 13, and 15.

Staff Recommendations:

· Commissioner Van Runkle made a motion to adopt Option 13. Commissioner Deignan seconded the motion. Holds the office co-pay at $5 and changes the pharmacy co-pay from a flat $5 1-tier to a 2-tier $5/$10 gives $2,500 to hearing aid-consistent with other plans.

Public Comments:

· Jane Fronk explained that in the $5/$10 plan, a member would pay $5 for generic drug and $10 for a brand name drug. There is 96% compliance rate by doctors for writing generic prescriptions. Generic drugs are available approximately 75% of the time.

Action: Motion was moved and seconded to adopt Option 13. Motion passed 6 to 0.

HMO Rate Setting Pages 6, 7, and 8.

Staff Recommendations:

· Dr. Welch stated that there was a unanimous approval by the Rates and Benefits Committee of the VSP and Dental plans. As a result, made a motion to forward the benefit design for the upcoming year. Commissioner Deignan seconded the motion.

Public Comments: None

Action: Motion was moved and seconded by the Board to adopt Option 13. Motion passed 6 to 0.

· Dr. Welch thanked Towers Perrin for their work that made her job easier to manage this year.

· Commissioner Van Runkle commented about the fabulous job done by Dr. Welch in chairing the Rates and Benefits Committee. President Zvanski agreed and thanked Dr. Welch for maintaining a high standard and holding the Committee to a tight timeline.

02142002-05 **Action Item** **Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Mike Kramer).**

· Distributed the "Highlights" financial report for the month of January 2002 to the Board, attached as **Schedule #6**.

· Claims for the medical claims for the month was $2 million and one (cash basis) on Page 13. Previous month's claims pending was unchanged.

· Pharmacy continues to go up.

Staff Recommendation: Accept report

Public Comments:

· Nancy Gin wanted to know why retirees are paying more.

· Roland Mittica stated that medical cost increases approximately 3% each year, the older you get the more expensive for additional medical care. Non-Medicare members are from 55 to 65 years of age and are paying less because they are younger and healthier. Active employees are from ages 20 to 60 years of age. Many of the Medicare groups are 80 and 90 years of age.

· Jean Thomas, retiree, asked a question regarding the $17 million found in the trust fund.

Action: Motion was moved and seconded by the Board to accept Towers Perrin's financial report. Motion passed 6 to 0.

02142002-06 **Discussion Item** **Report on activities and recommendations of the Finance and Budget Committee (Commissioner Deignan)**

· Finance & Budget Committee discussed the Mayor's and the Board of Supervisors 5% and 15%, or 10% & 15% budget cut requirement for all departments during their meeting on January 24, 2002.

· $280,000 of the cuts will be personnel cuts plus associated fringe benefits and $130,000 will come out of non-salary cuts. This is the beginning of cuts that will effect the Health Service System.

· Commissioner Van Runkle, Chairperson of the Customer Service Taskforce, will study the impact of the cuts to customer service at Health Service System.

· Finance & Budget Committee agreed to recommend to the full Board to carry forward a joint letter from the Board by President Zvanski to the Mayor's Office and the Board of Supervisors. The letter will include crisis in the late 90's caused by cuts to the Health Service System that resulted in outcry of the public to the Mayor's Office and the Board of Supervisors. HSS customer services and the system was not administered correctly (not computerized).

· There was a net fund balance of $35 million dollars at the end of the fiscal year. Varied explanations of origin of the money.

· Commissioner Deignan believes (concurrent with HSS Accounts Manager, Bob Hencier) that the money was there all along and originated during the restructuring of Plan 1 during fiscal years 1997 and 1998. Prior actuaries were not receiving accurate numbers from the internal accounting system. Accounts payable was paid but was not cleared from HSS accounting books. Therefore, the money appeared as outstanding deductions in the trust fund. Finance will start issuing a monthly accrual financial report of HSS assets in addition to the Towers Perrin financial report.

Board Comments:

· President Zvanski stated that Board members agreed to be available and go with HSS staff to the Board of Supervisors' Budget meetings and testify on behalf of the department and support Yvonne Hudson and Andrea Gourdine.

· Commissioner Breslin suggested that financial statements should be available in advance of the start of the Rates and Benefits Committee meetings. The Board should be aware of financial status and amount of funds to work with.

Public Comments:

· Jerry De Ryan commented about the failing computer system and the need of experts to train employees.

02142002-07 **Action Item** **Resolution authorizing expenditure of up to $375,000 from the Trust Fund for 2002 Open Enrollment expenses**

· Board read the resolution authorizing up to $375,000 from the trust fund for 2002 Open Enrollment, attached as **Schedule #7.**

Staff Recommendation: Adopt resolution

Public Comments: None

Action: Moved and seconded to approve the $375,000 from the trust fund for the 2002 Open Enrollment expenses. Motion passed 6 to 0.

02142002-08 **Action Item** **Resolution authorizing expenditure of up to $80,000 from the Trust Fund for active and retiree City Health Plan Guides for plan year 2002-2003**

· Board read the resolution authorizing expenditure of up to $80,000 from the trust fund for active and retiree CHP Guides for FY 2002-02, attached as **Schedule #8.**

Staff Recommendation: Adopt resolution

Public Comments: None

Action: Moved and seconded to adopt resolution authorizing expenditure of up to $80,000 from the trust fund for active and retiree City Health Plan Guides for plan year 2002-03. Motion passed 6 to 0.

02142002-09 **Discussion** **Reports on Network and Health Plan issues (Network and Health Plan representatives).**

Item

· Linda Patron of Blue Shield, announced that Blue Shield is currently in contract negotiations with John Muir and Mount Diablo Medical Center. Members have been notified that Blue Shield has received termination notices and that they may continue to go to them if their PPO belongs there and has requested that they be admitted at that facility.

· There are 83 members that will be impacted that belong to John Muir and Mount Diablo. The Board will be updated of all events.

· Jane Fronk thanked Yvonne Hudson and Bob Hencier for resolving Kaiser's discrepancies.

Public Comments: None

02142002-10 **Discussion Item** **Opportunity to place items on future agendas.**

02142002-11 **Discussion Item**

- UBH
- Express Scripts
- Medicare Surcharge
- KPMG Audit Report
- UCR Utilization

Adjourn:

2:16 PM

Public Comments: Comments by Diane Hermann.

Opportunity for the public to comment on any matters within the Board's jurisdiction.

Public Comments: Comments by Jerry De Ryan and John Madden

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.

- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.

- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call Arnetta Brown at 554-1727.

DISABILITY ACCESS

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

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In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

DOCUMENTS DEPT.
MAR 1 1 2002
SAN FRANCISCO
PUBLIC LIBRARY

Regular Meeting
Thursday March 14, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
03142002-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** ▪ **Regular Meeting of February 14, 2002** Staff Recommendation: Approve draft minutes Documents provided to Board prior to meeting: *Draft Minutes of Regular Meeting* Public Comments: Action:
03142002-02	**Discussion Item**	**Reports of Health Service System staff and legal Counsel regarding the following matters:** • **Administration (Yvonne Hudson)** **- Status of Rate Approval by Board of Supervisors** **- HSS Staffing** **- KPMG (Management letter & financial statements)** ▪ **City Health Plan Group (Beaulah Smith)** **- Status of UCR Process** ▪ **Membership Group (Diana Ferrari)** ▪ **Finance Group (Bob Hencier)** ▪ **Legal Counsel Update (Rebecca Saroyan)** Documents provided to Board prior to meeting: - *Claims Processing Status Report* Public Comments:

03142002-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month of February, 2002* Staff Recommendation: Accept report Public Comments: Action:
03142002-04	Discussion Item	**Update on 2002-2003 Budget Process (Ted Yamasaki, DHR)** Documents provided to Board prior to meeting: *None* Public Comments:
CUSTOMER SERVICE TASK FORCE MATTERS		
03142002-05	Discussion Item	**Report on activities of the Customer Service Task Force (Commissioner Van Runkle)** Documents provided to Board prior to meeting: *None* Public Comments:
END OF CUSTOMER SERVICE TASK FORCE MATTERS		
03142002-06	Action Item	**United Behavioral Health (UBH) performance and decision regarding continuation of the contract to provide mental health services for City Health Plan after June 30, 2002** Documents provided to Board prior to meeting: Staff Recommendation: Discontinue contract. Public Comments: Action:
03142002-07	Action Item	**Discussion and decision concerning Medicare enrollment and assignment.** Documents provided to Board prior to meeting: *Document entitled Medicare-issues with Respect to Retirees over 65 or Disabled* Staff Recommendation: None Public Comments: Action:
03142002-08	Action Item	**Discussion and decision concerning Stop Loss insurance coverage.** Documents provided to Board prior to meeting: None Staff Recommendation: None Public Comments: Action:

03142002-09	**Action Item**	**Discussion and decision regarding level of coverage for inoculations/immunizations under the City Health Plan** Documents provided to Board prior to meeting: None Staff Recommendation: None Public Comments: Action:
03142002-10	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Public Comments:
03142002-11	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
03142002-12 **Adjourn**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

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Department of Human Resources

March 14, 2002 (Revised)

Health Service Board

MINUTES

Regular Meeting
Thursday March 14, 2002

1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order 1:00PM

Pledge of Allegiance

Roll Call President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan, *Excused*
Commissioner Scott Heldfond

Commissioner Aleeta Van Runkle

03142002-01 **Action Item** **Approval (with possible modifications) of the minutes of the following meeting:**

03142002-02 **Discussion Item**

♉ **Regular Meeting of February 14, 2002**

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: Moved and seconded by the Board to approve the Regular meeting minutes of February 14, 2002 with recommended amendments. Motion passed 5 to 0.

Reports of Health Service System staff and legal

counsel regarding the following matters:

Status of Rate Approval by Board of Supervisors (Yvonne Hudson

· Rates Ordinance is in the Clerks Office and expected to be: (1) introduced to the Board of Supervisors (BOS) on March 18, 2002, (2) heard by the BOS Finance Committee on March 27, 2002, and (3) approved by the full Board on April 8, 2002.

Health Service System (HSS) Staffing

· Health Service System (HSS) Sr. Accountant Richard White resigned on March 6, 2002. Ted Yamasaki is coordinating assistance at 44 Gough Street to fill the void in Accounts Payable (paying bills) that was created by Mr. White's departure.

KPMG Management Letter and Financial Statements

· The management letter is not complete and the financial statements are not final; therefore, KPMG will appear before the HSB at the next meeting on April 11, 2002. The auditors are scheduled to present the management letter & financial statements to the BOS on April 1, 2002.

Board Comments

· Commissioners requested to see the draft management letter and the financial statements before they are presented to the BOS.

City Health Plan Group(CHP)- Beaulah Smith

· The Board received the Medical Claims Activity report attached as **Schedule #1**. Outstanding claims inventory reported at 20,740 with the average turnaround time of 24.15 days.

· Yvonne Hudson reported that as a result of breakdown of the Wang system, claims' processing was halted two full days. This problem, in addition to the holiday in February, contributed to the increase of outstanding claims.

· An experienced claims processor from Sterling Staffing joined the CHP staff on March 11, 2002.

Status of UCR Process

· Recently received UCR package from Ingenix and implementation of the UCR process is expected after DTIS has completed their testing of the system. Target date for implementation is April 1, 2002.

Membership Group (Diana Ferrari)

Open Enrollment Update

· The four Open Enrollment applications are complete and are now at the mail house.

· Room 34 at City Hall has been reserved for MEA Open Enrollment.

· Hook-ups for the Wang will be on Thursday, March 28, 2002 and the vendors will set-up on Friday, March 29, 2002.

· Payroll stuffers that remind members to update their addresses were delivered with the February 26th paychecks.

· Comparison checks are complete and will be delivered to the mail house tomorrow (Friday). Rate sheets are being printed and will be delivered to the mail house on Monday. Example of the rate sheet for active members was distributed to the Board and is attached as **Schedule #2**.

· Thanks and gratitude was extended to Karen Chan, the membership staff, vendors, and Michael Hilton of Towers Perrin, for their hard work and success in meeting all of the deadlines necessary for Open Enrollment to start on time.

· Five Open Enrollment booklets will be delivered to the mail house on Monday. MEA booklet has been revised and expanded (from 43 pages to 75 pages) to include more details regarding the benefits.

· Saved the trust fund over $35,000 of printing charges by using Blueprint Printing Services (BPS), a different vendor, to print Open Enrollment material.

· Members should have their Open Enrollment packets by March 30, 2002.

Finance Group (Bob Hencier)

· Loss of Senior Accountant will have a major effect on accounting's backlog work. The Senior Accountant left Accounts Payable with a backlog of 190 unpaid invoices that came to a total of approximately $21 million dollars. Thanks were extended to DHR for its help with the problem.

Financial Projects Update

· Completed allocation of money transferred from Unified School District (USD), Community College, and the Retirement System.

· HSS budget submitted to DHR and is now at the Mayor's Office.

· Rate-setting process on track and ongoing.

· Process improvement with USD and Community College is ongoing and should improve operation.

· Significantly minimized discrepancies with HMOs.

Audit Follow-up Items

· Time constraints and unanticipated issues caused delays with production of the accrual based monthly financial statements. Requested and received assistance from DHR.

· Post and reverse audit adjustments in FAMIS in progress.

· Recast of accounts by the Controller is not finished yet, will keep the Board updated.

· KPMG Management Letter should be out in about two or three weeks.

· KPMG will issue June 30th financial statements as soon as their New York office approves them.

Board Comments

· Mr. Hencier clarified that the backlog of 190 invoices and $21 million dollars deficit in bills was partly because of job performance of the senior accountant and partly because there was not money available to pay the bills. There wasn't any money to pay the invoices because the Community College missed 3 or 4 payroll periods and the USD missed 5 or 6 payroll periods before transferring money in FAMIS to pay the outstanding invoices. Finance has now received money and the bills will be paid. The money expected from the School Districts is withheld from employees' paychecks or contributed by their employer's department on behalf of the employees and then transferred to the trust fund.

Legal Counsel Update (Rebecca Saroyan)

· Express Scripts finally sent the injectible drug amendment.

· In response to a question from the February meeting regarding obligation to sufficiently fund HSS, mandatory charter language in Section A8.428 gives the Board of Supervisors (BOS) independent exercise of their judgement as to what may be sufficient amount of funds. The HSB may make a recommendation but the BOS does not have to agree after reviewing the budget cuts.

· Reminded President Zvanski to inquire about a replacement for Mark Leno on the Health Service Board when she meets with Supervisor Amiano.

· Contract renewal notice will began next month or in April for vendor contracts that expire June 30, 2002.

Public Comments: None

03142002-03 **Action Item** **Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Michael Hilton).**

· Distributed "Highlights" of the financial report attached as **Schedule #3**. Report also included a report for the month of February 2002.

· Medical claims in January went from $2,108,103 to below $900,000 reported claims during the month of February. The increase of pending claims by 7,000 and the fact that February is a short month (working days and 1 holiday) contributed to the discrepancy.

· Commissioner Welch suggested that remarks should be added to the report for clarification of the trust fund amount.

Staff Recommendation: Accept report

Public Comments: None

Action: Moved and seconded by the Board to accept Towers Perrin financial report. Motion passed 5 to 0.

03142002-04 **Discussion Item** **Update on 2002-2003 Budget Process (Ted Yamasaki, Deputy Director of Administration Services and William Lee, Finance Manager, DHR)**

· Distributed to the Board an outline of the DHR Budget Process, attached as **Schedule #4**. Budget proposal was submitted to the Mayor and Controller's Offices on February 22, 2002.

· The Mayor's Office will forward a preliminary budget to the BOS on April 1, 2002 and the 10% reduction plans will be submitted to the Budget Committee for review.

· Budget hearing with the Board's budget committee will be in April and in May.

Overview of the Health Division Components of the Budget Proposal

· Health Service System operating budget for next year is $6.6 million dollars.

· Budget request for HSS Division with the 5.5% reduction includes the following areas:

- Salaries (47%)

- Mandatory Fringes (12%)

- Non-Personal Services (26%)

Includes training, travel items, professional services, rent and current expenses.

HSS lease agreement with the Dept. of Realty Estate has been revised to 5 years. HSS and DHR will move to 525 Golden Gate Avenue in FY 2004-05. All divisions under DHR will be consolidated to this new City owned (13 stories) building.

- Materials & Supplies (2%)

- Work Orders (13%)

· HSS Division: Cumulative Full Time Equivalent (FTE) Impacts of Reduction Scenarios.

Public Comment: Jean Thomas of Retirees Association requested a copy of the preliminary report and inquired about the funding to replace the Wang System.

03142002-05 Discussion Item **Report on activities of the Customer Service Task Force (Commissioner Aleeta Van Runkle)**

♉ Commissioner Van Runkle met with Yvonne Hudson and members of the HSS staff on February 26, 2002, to discuss strategy for the top priorities of the Customer Service Task Force. The top priority of the task force is to minimize the impact of Health Service System's budget. This can be accomplished by:

(1) Determine how to organize speakers to present the position (impact of budget cuts) of HSS to the Board of Supervisors (BOS).

(2) How to communicate with members regarding the potential budget reduction.

· Invitations will be sent to various persons inviting them to sit on the task force. President Zvanski has volunteered to participate with the task force and she will write two letters, one to the Mayor and one to the BOS, regarding impact of the budget cuts upon HSS staff and Plan 1 members.

· Complimented Diane Ferrari and the Membership staff for its work in producing the Open Enrollment material.

· Recently (last Tuesday) participated as a member on a panel that reviewed applications for the HSS Assistant Deputy position (Yvonne Hudson's assistant). Assured the Board that there are funds available for the qualified applicants for this position.

Public Comments: None

03142002-06 Action Item **United Behavior Health (UBH) performance and decision regarding continuation of the contract to provide mental health services for City Health Plan after June 30, 2002.**

· Sharon Fusco of UBH introduced to the Board Susan

Porth, Executive Vice President & Chief Financial Officer of UBH's San Francisco Office. Ms. Porth is responsible for claims and customer service operation for the UBH office in Houston, Texas. Dave Dintefass is the Vice President of Accounts Management for UBH.

UBH Issues: Presentation by Sharon Fusco

· Distributed UBH material to Board that focused on issues presented to the Board last month by City Health Plan Manager, Beaulah Smith.

1. Claims Transmittal/Customer Service Summary, attached as **Schedule #5**. Document outlines identified problem areas and gives action plan to ratify each issue regarding claims transmittal process and member services. The outline also gives future enhancements to customer service and the impact of loss of services if UBH contract is cancelled in July 2002.

· Ms. Porth stated that UBH honors their contract with the City and requests more time to improve claims transmittal processing and customer service.

· Dave Dintefass requested an additional 45 days to meet the Board's expectations.

2. UBH Standard Survey Response Rates and Demographics of Respondents for Customer, attached as **Schedule #6**.

3. Excerpts from CCSF City Health Plan Guide for Active Employees, attached as **Schedule #7**.

4. UBH Mental Health Substance Abuse Benefit, attached as **Schedule #8**.

Board Comments

· Commissioners complimented UBH management for coming to the meeting with documentation and response to the issues that are before the Board.

· The Board requested UBH to present more information regarding (1) tracking procedures and their response to complaints, and (2) appeals process for providers, particularly after the September 11, 2001 event (without disclosing confidential info).

· Board requested clarification of discrepancy of numbers involving claims transmittal process reported between UBH and Claims. Ms. Porth requested a meeting with Beaulah Smith and UBH claims director to compare data and find the discrepancies.

· Deputy City Attorney Rebecca Saroyan stated that the UBH contract would expire on June 30, 2002, with an option to renew for another year with a 30-day notice to UBH.

· Board requested statistics of members that were on a non-network status and who had to be transitioned and how they were handled. UBH promised to provide the number of people who wanted access to the transition benefit and the number of non-network claims.

· Beaulah Smith reported that out of the 20 to 25 claims transmittals from UBH daily, approximately 19 to 20 of them have to be returned to UBH by fax to the Houston office. UBH returns the transmittals daily in the exact same order that they were delivered and without any marks of review. This is the majority of the problem with UBH and is a big issue because of the difference in pricing for network and non-network. Discrepancy reports from UBH regarding a member's certification versus members and/or providers that would send Ms. Smith their authorization, created a credibility problem with UBH.

· Board recommended that UBH and Claims should continue to meet to resolve problems and processing issues caused by communications by members or providers.

Staff Recommendation: Discontinue contract.

Public Comments: None

Action: Motion was moved and seconded to defer this item until the next meeting and provide the Board with more information and a report regarding the status of problems and issues, and defer discussion of the UBH contract until the next HSB meeting. Motion passed 5 to 0.

03142002-07 **Action Item** **Discussion and decision concerning Medicare enrollment and assignment (Roland Mittica).**

· Notice distributed to the Board regarding how to address members who are Medicare eligible but who have not assigned their benefit to the City Health Plan, attached as **Schedule #9.** Draft notice is a double-sided memo: (1) to retirees approaching 65 and need to enroll in Medicare parts A & B and assign Medicare benefits to Kaiser (in 30 days) and (2) to retirees who are 65 years of age and have Medicare, but have not assigned it to Kaiser. The Board also received a document detailing the "Medicare Issues with Respect to Retirees Over Age 65 or Disabled Enrollees." This notice is attached as **Schedule #10**.

· If retirees fail to assign Medicare benefits to Kaiser in 30 days, they will be automatically enrolled in the City Health Plan, as of July 1, 2002, and disenrolled from Kaiser Permanente. This will result in an increase in out-of-pocket costs.

· Lisa Ferreira, Retiree Plans Consultant for Kaiser, reported that its contract is with HSS. The federal government allows a retiree to take Medicare A & B anytime and change HMOs each month. She would receive a notice regarding this from HIPAA.

· Jane Fronk stated that Kaiser's contract is not set up to reject retirees from Kaiser if they do not enroll in Part B.

· Roland Mittica stated that getting the retirees to enroll in Medicare A & B would not only reduce the benefits rates but would increase the trust fund by almost one million dollars.

Staff Recommendation: None

Public Comments: None

Action: Moved and seconded to automatically enroll members in the City Health Plan if they fail to assign Medicare benefits to Kaiser in 30 days. Motion passed 5 to 0.

03142002-08 **Action Item** **Discussion and decision concerning Stop Loss insurance coverage, presentation by Roland Mittica.**

· Board received document regarding "Stop Loss Coverage," attached as **Schedule #11**. Purpose of the stop loss coverage is to prevent a large claim within one year. One claim (case is based on the size of the City) should not exceed 1% to 2% of paid claims a year. Plan 1 claims are about $30 million dollars and the stop loss would be between $300,000 and $600,000 dollars.

· Roland Mittica stated that Plan 1 has enough assets and the probability of claims exceeding $300,000 or $400,000 are so small that it can take the risk within the Plan without spending extra premium for stop loss.

Staff Recommendation: None

Public Comments: None

Moved and seconded by the Board to not to purchase individual stop loss insurance. Motion passed 5 to 0.

03142002-09 **Action Item** **Discussion and decision regarding level of coverage for inoculation/immunizations under the City Health Plan.**

Deferred to next meeting.

Staff Recommendation: None

Public Comments: None

Action: None

03142002-10 **Discussion Item** **Reports on Network and Health Plan issues (Network and Health Plan representatives).**

· Judy Fowler, of Blue Shield, announced that John Muir/Mount Diablo Hospitals have extended their contracts to May 30, 2003.

Public Comments: None

03142002-11 Discussion Item Opportunity to place items on future agendas.

· UBH

· Inoculation and Immunization

· Consent Agenda Review

Public Comments: None

03142002-12 Discussion Item Opportunity for the public to comment on any matters within the Board's jurisdiction.

Adjourn: 4 PM

Public Comments: None

· Mitch James of the San Francisco Police Department, stated that he is satisfied with the services and accessibility received from UBH.

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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DISABILITY ACCESS

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

Regular Meeting
Thursday April 11, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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CANCELLED
(NO QUORUM)

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfo[illegible] Commissioner Aleet[illegible]	
04112002-01	**Action Item**	**A[illegible]proval [illegible]ith po[illegible] modifications) of the minutes of the [illegible]ow[illegible]g [illegible]g:** **[illegible]gular Meeting of March 14, 2002** Staff Recommendation: A[illegible] minutes Documen[illegible] prior to meeting: *Draft Minutes of [illegible]ul[illegible]* [illegible] Comments: Action:
04112002-02	**Discussion Item**	**Reports of Health Service System staff and legal Counsel regarding the following matters:** • **Administration (Yvonne Hudson)** **- Status of Rate Approval by Board of Supervisors** **- HSS Staffing/Customer Service** ▪ **City Health Plan Group (Beaulah Smith)** **Membership Group (Diana Ferrari)** ▪ **Finance Group (Bob Hencier)** ▪ **Legal Counsel Update (Paula Jesson)** Documents provided to Board prior to meeting: - *Claims Processing Status Report* Public Comments:

04112002-03	**Action Item**	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month of March 2002.* Staff Recommendation: Accept report Public Comments: Action:
04112002-04	**Discussion Item**	**Discussion regarding 2000-01 Financial Statements and Management Letter (KPMG).** Documents provided to Board prior to meeting: *Financial Statements for June 30, 2001 & 2000; Management Letter.* Public Comments:
04112002-05	**Action Item**	**United Behavioral Health (UBH) performance and decision regarding continuation of the contract to provide mental health services for City Health Plan after June 30, 2002- (Continued from March 14, 2002 meeting).** Documents provided to Board prior to meeting: *City Health Plan Presentation.* Staff Recommendation: Do not renew contract. Public Comments: Action:
04112002-06	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Public Comments:
04112002-07	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
04112002-08 **Adjourn**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

Special Meeting
Thursday April 25, 2002
9:00 AM

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
04252002-01	**Discussion Item**	**Presentation and Discussion regarding Management Letter for the City and County of San Francisco Health Service System dated March 1, 2002** Documents provided to Board prior to meeting: *Management Letter prepared by KPMG dated March 1, 2002.* Public Comments:
04252002-02	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
04252002-03	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:
Adjourn		

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Department of Human Resources

April 25, 2002 (Special)

Health Service Board

MINUTES

Special Meeting
Thursday April 25, 2002

9:00 AM

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
04252002-01	Discussion Item	**Presentation and Discussion regarding Management Letter for the City and County of San Francisco Health Service System dated March 1, 2002. (Tiffany Ann Rasmussen and Jason L. Jacobs of KPMG).** The following KPMG reports regarding the CCSF Health Service System were distributed to the Board: 1. Presentation of Audit Results, dated April 25, 2002, attached as **Schedule #1**. The agenda included the following topics: Scope of Work _ Audit period is from July 1, 2000 through June 30, 2001. _ Audit covers the financial results of the

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INTEROFFICE

Department of Human Resources

April 25, 2002 (Special)

Health Service Board

MINUTES

Special Meeting
Thursday April 25, 2002

9:00 AM

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
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Health Service System, not just Plan 1.

Audit Purpose

_ Audit is not designed to detect all weaknesses in internal controls.

Reports Issued

_ The financial statements are management's responsibility and representation.

_ Management Letter

_ Independent Auditors' Report on the financial statements.

Auditors' Required Communications (SAS 61)

_ SAS 61 -Statement Audit Standards outlined.

_ GAAS-General Accepted Auditing Standards defines KPMG's audit responsibility to design an effective and efficient audit approach as well as the design and implementation of audit procedures.

_ Significant changes in accounting policies is the provisions of Governmental Accounting Standards Board (GASB); *Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis for State and Local Government*. The adoption of GASB 34 requires HSS to present Management's Discussion and Analysis in the financial statements for the first time in 2001. HSS structured its financial statement reporting policies & disclosures to those of an "Other Employee Benefit Trust Fund."

_ Management Judgments & Accounting Estimates of (1) reserves for claims-City Health Plan as of June 30, 2001 and (2) Contributions receivable-allowance for doubtful accounts.

_ KPMG audit of the Health Service System reported that there were 1) no significant uncorrected statement misstatements, 2) no disagreements with management, 3) no consultations with other accountants, 4) no major issues discussed with management prior to retention, and 5) no difficulties with management.

Financial Statement Highlights Presented by

Yvonne Hudson

_ Net assets at the end of the year in June 2001 for benefits equal $34.7 million dollars compared to the $16.6 million dollars from June 30, 2000.

_ Reserves for claims in the City Plan decreased slightly to 9.8 because of the decrease in Plan 1 membership.

_ Payables to the HMOs, dental and disability plans decreased because bills were paid promptly, and no large reconciliation payments were paid this year to the HMOs.

_ Total medical and dental and other expenditures for the year increased by 14.2%.

_ City Plan benefit expenses covering medical, prescriptions & dental expenses decreased from $69.2 million dollars to $61.4 because of the Plan's decline in medical participation.

_ Claims paid by Delta Dental members increased by $1.8 million dollars or by 7.6% during the year and the prescriptions claims decreased 10%.

_ Depending on the health plan, total overall HMO membership increased 4% to 7%.

_ Rates for actives and retirees increased overall 61.7%. Most of the increase is contributed to retirees enrolled in HMO Medicare plans (184% to 264% ranges).

_ HMO non-Medicare rates experienced a small increase of 15% to a 22% range.

_ Employer contributions on behalf of the retirees increased 33% (due to Charter requirement).

_ A small number (2%) of the Medicare population will not be eligible for Medicare or be able to take advantage of the lower rates.

_ Experienced a13% increase in accounts receivables from collection of delinquent contributions from employees.

_ Net surplus from operation of dental plans was $2.9 million dollars and investment earnings totaled $3.45 million dollars, an increase of $1.2 million dollars from year 2000.

Management Letter Comments (3 parts)

1. Material weaknesses in the Membership Accounting System (MAS) and the Accounting Function.

2. Reportable Conditions

3. Other Comments

Management Letter Content

2. Management Letter addressed to Edward Harrington, Controller, dated March 1, 2002, attached as **Schedule #2.**

_ Listing of material weaknesses (Page 3) found in the Membership Accounting System (MAS). This is a WANG based system that is no longer supported by CCSF Department of Telecommunication and Information Services (DTIS).

_ Audit recommend that management review, including an independent review, of the current implementation process of the new system and its current status to ensure that it will meet the operational needs and will not revert to problems experienced by the WANG.

_ Recommend improvement in operating procedures, manual and system controls, management review and oversight.

Management Response

_ The Department of Human Resources (DHR) assumed overall responsibility for the whole project regarding the design & development of the membership eligibility function and the member finance and financial accounting functions.

_ Outside benefits functional experts are and will be utilized in the implementation process and technical experts are retained to lead/assist in development & systems-related activities. A Senior Information Systems employee has been hired with People Soft benefits administration experience.

_ Because of the current budget constraints, the resources for an independent review of the implementation process will have to be provided by a party other than DHR.

Update of MAS by Ray Wong, Deputy Director of Information Systems Division.

_ The Committee of Information Technology (COIT) did an annual review of the MAS system 2 weeks ago. This is a policy committee established by administrative code that reviews all major and enterprise information system projects in the City. MAS was one of three projects evaluated by the committee. The purpose of the review was to assess the priority of the projects. There are anticipated difficulties with the budget next year and insufficient funds for all 3 projects. The COIT committee agreed that this is a #1 priority with the City.

_ "Go live" date for the replacement the membership and the financial accounting system that is currently in the WANG system was extended from August 2002 to February 2003. The benefits administration and all of the Human Resource functions required to support it will be complete.

_ Higher level of financial reporting functions (payables and receivables) will not be complete by February 2003.

Will Lee, Finance Manager for DHR

_ Assured the Board that the issuance of financial statements will not be impacted by the extended "goal live date" for the Benefits Administrative Financial System (BAFS). Information will be retrieved from a different source. Additional steps will be taken to reconcile the information taken from FAMIS and the data taken from the MAS system that is currently tied to membership to insure they are accurate and are running in conjunction with each other. Reconciliations will be done on a monthly basis.

_ Andrea Gourdine, Director of DHR, has restructured the way that DHR finances are handled. The DHR Finance Manager (Mr. Lee's position) will now oversee the financial functions of Workers' Compensation and Health Service System. As a result, management will be able to get information more readily regarding operations that occur on daily basis, interface directly with the staff and offer guidance and assistance when needed. As a result of assistance and coordination with the Finance staff, the vacancy left by the exit of Richard White has been quickly backfilled.

_ Assured the Board that there will not be another financial surprise because financial reports will be given regularly. Timeframes of the financial report process will be presented at the next HSB meeting (May 9th) and will include documented process of steps, issues, and accountable staff.

_ Currently working with the Controller's Office to ensure that the FAMIS numbers assigned to the HSS for June 30, 2001 match the Comprehensive Annual Financial Report (CAFR). This process is taking time, but it will ensure that from the starting point, the data is accurate.

_ Yvonne Hudson announced that Steve Lucich has been reassigned from Accounting to work exclusively on the design of the new project. The Mayor's Office has provided additional project funds to address the vacancy in Finance created by this move.

Health Service Board Comments

_ Management Letter is a serious matter and is totally unacceptable and is the 3rd time the Board has received this type of Management Letter.

_ Recommended a task oriented work plan consisting of a formal report of what is to be done in all areas mentioned in the Management Letter, who is responsible for each task, and a time line.

_ Recommended an independent review (3rd party). A person with business knowledge who can recommend right business decisions.

_ Additional accounting position filled (Principal Accountant).

_ Controller should be held accountable for Management Letter, just as the City holds the HSB accountable for Plan 1.

Accounting Functions, Tiffany Rasmussen

_ Material weakness related to the lack of management oversight of the accounting function.

_ List significant items that are reportable conditions.

_ Recommend that the accounting department develop appropriate procedures and controls and be able to report both accurately and timely to the Deputy Director of HSS.

_ Financial data should be accurate and available to the actuary, HSB, Controller's Office, etc.

_ Management Letter included findings covering:

- Adequate Financial Reporting

- Allocation Of Contributions

- Contribution Processing Controls

- Reconciliation Of Significant Revenue & Expense Streams & Other Accounts

- Accounts Receivable Monitoring

- Underlying Data Quality

- Health Insurance Portability And Accountability (HIPPA).

- Staff Proficiency and Training

Management Response -Will Lee, Finance Manager, DHR

_ Regarding reportable conditions/allocation of contributions: Steve Lucich is working on an automated system that will allow funds (i.e. Community College and the School District) to be allocated to the right plan based on membership data. The Community College will be automated by the next pay period and the School District will be in 2 or 3 more pay periods. Whereas, the Retirement System will be in late fall of this year, the work with the State Teachers Retirement System (STRS) and the Public Employees Retirement System (PERS) is still underway.

_ Regarding contribution processing controls- Currently implementing a system that will consolidate information that is presently being kept at the desk of each benefits analyst.

_ Regarding staff proficiency and training: A cross-training program will be implemented and coordinated so that existing staff can cover each other. Reallocation of job duties of the each person, plus assessment of their skills and connecting it to their performance plan is necessary.

_ Development of Standard Operating Procedures (SOPs) for all financial functions will be produced and updated as necessary. The finalization of this type of document can be and will be used to facilitate training.

3. Financial Statements for June 30, 2001 and 2000 (With Independent Auditors' Report), attached as Schedule #3. This report was issued to the Board first week of April.

HSB Comments

_ Stressed importance of having enough staff versus cross-training, especially during emergency and absentees.

_ Important that the work plan should be presented to the Board on a monthly basis. A draft of the work plan will be presented at the next meeting.

_ Yvonne Hudson expressed appreciation for all the assistance that Will Lee has given since the beginning of these problems. The Commissioners agreed that they are very impressed and felt enlightened with his response to the questions and issues generated by the audit. They felt confident of the leadership presented by Will Lee and Ted Yamasaki.

Public Comments:

_ Diane Hermann commented about (1) Management Letter (2) Yvonne Hudson burdened with two jobs and the importance of hiring an Assistant Deputy Director to help with the ongoing load of tasks (3) cross-training and hiring qualified employees, and (4) $600,000 delinquency.

		_ John Madden commented about 3 important things to retirees: accessibility to HSS and the status of the trust fund, accountability of members' invested funds, and responsibility of DHR work with the HSB. _ Bernard Crotty, retiree, recommended having a special division created to handle telephone customer service. _ Tony Sacco, retiree, thanked the Board for the stability given to the HSS, and commented about the inconvenience of the reduced telephone hours at HSS. _ Tiffany Rasmussen recommended contacting Muni's Finance/Payroll Department regarding their resolution of the telephone answering issue.
04252002-02	Discussion Item	**Opportunity to place items on future agendas.** _ Draft of the work plan at the May 9, 2002 meeting. _ Customer Task Force Committee regarding telephone service. Public Comments: None
04252002-03 **Adjourn:** **11:20** am	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments: None

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HEALTH SERVICE BOARD

25

/02

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Thursday May 9, 2002
1:00 PM

City Hall, Room 416
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San Francisco, CA 94102

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Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
05092002-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** ▪ **Regular Meeting of March 14, 2002** ▪ **Special Meeting of April 25, 2002** Staff Recommendation: Approve draft minutes Documents provided to Board prior to meeting: *Draft Minutes of Regular Meeting and Special Meeting* Public Comments: Action:
05092002-02	**Discussion Item**	**Reports of Health Service System staff and legal Counsel regarding the following matters:** • **Administration (Yvonne Hudson)** - Status of Rate Approval by Board of Supervisors - HSS Staffing - Customer Service - HIPAA Task Force ▪ **City Health Plan Group (Beaulah Smith)** **Membership Group (Diana Ferrari)** ▪ **Finance Group (Bob Hencier)** ▪ **Legal Counsel Update (Rebecca Saroyan)** - Contract renewal update - SB 168 Social Security Numbers Documents provided to Board prior to meeting: - Claims Processing Status Report Public Comments:

05092002-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the months of March, 2002 and April, 2002.* Staff Recommendation: Accept report Public Comments: Action:

CUSTOMER SERVICE TASK FORCE MATTERS

05092002-04	Discussion Item	**Report on activities of the Customer Service Task Force (Commissioner Van Runkle)** Documents provided to Board prior to meeting: *Agenda for May 16, 2002 meeting.* Public Comments:

END OF CUSTOMER SERVICE TASK FORCE MATTERS

05092002-05	Discussion Item	**Follow up on discussion regarding 2000-01 Management Letter dated March 1, 2002** Documents provided to Board prior to meeting: None Public Comments:
05092002-06	Action Item	**United Behavioral Health (UBH) performance and decision regarding renewal of the contract to provide mental health services for City Health Plan after June 30, 2002-(Continued from March 14, 2002 meeting).** Documents provided to Board prior to meeting: - *Power Point Presentation* - *Excel Spreadsheet of Transmittals* - *Complaint Letters* Staff Recommendation: Do not renew contract and use Beech Street provider network and services. Public Comments: Action:
05092002-07	Action Item	**Discussion and decision regarding administering hearing aid benefit under the City Health Plan** Documents provided to Board prior to meeting: *None* Staff Recommendation: Pay claims for hearing aids at 100% to the $2,500 maximum every 36 months. Public Comments: Action:

05092002-08	**Action Item**	**Discussion and decision regarding administering infertility benefit.** Documents provided to Board prior to meeting: None Staff Recommendation: Follow Kaiser model for Artificial Insemination (AI) Public Comments: Action:
05092002-09	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Public Comments:
05092002-10	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
05092002-11 **Adjourn**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

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Department of Human Resources >> Meeting Information >> Health Service Board: Full Committee

Department of Human Resources

May 09, 2002
p align="center">**Health Service Board**

Minutes

Regular Meeting
Thursday May 9, 2002

1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
05092002-01	Action Item	Approval (with possible modifications) of the minutes of the following meeting: • Regular Meeting of March 14, 2002 • Special Meeting of April 25, 2002 Staff Recommendation: Approve draft minutes Public Comments: None
		Action: Moved and seconded by the Board to approve draft minutes with recommended amendments. Motion passed 6 to 0.
05092002-02	Discussion Item	Reports of Health Service System staff and legal Counsel regarding the following matters: Administration (Yvonne Hudson) Status of Rate Approval by Board of Supervisors

- Rates were approved at the Board of Supervisor's April 22, 2002 meeting. Appreciation was extended to all of the retirees that demonstrated their support of the rates.

HSS Staffing

- Interview for the 1248 Assistant Deputy Director position was held last Friday, May 3, 2002. Ted Yamasaki, Deputy Director of Administration for DHR and Commissioner Aleeta Van Runkle assisted Yvonne Hudson with the interview. Reference check is currently in process before offering the position to the strongest candidate. More information will be given at the next meeting.

Customer Service

- Hours for telephone service at HSS office was reduced to 10 AM to 12 noon starting April 1, 2002. Compliance with the budget cuts demanded by the City resulted in (4) major position vacancies and the necessity to reduce customer service.

Health Insurance Portability and Accountability Act (HIPAA) Task Force

- First HIPAA Task Force meeting will be held on Wednesday, May 22, 2002. Committee members are: Rebecca Saroyan, Antoinette Candelaria, Diana Ferrari, Ray Wong, plus two additional members from Ray Wong's staff, and Roland Mitticia of Towers Perrin.

City Health Plan Group (CHP), Beaulah Smith

- Presented to the Board the Medical Claims Activity Reports for week ending April 26, 2002, attached as **Schedule #1** and week ending March 28, 2002, attached as **Schedule #2**. Claims report for week ending March 28 was down because the Wang System was down all day on 3/29/02, LAN down all day on 3/18/02 (week ending on 3/22/02), and continuous problems with the system on week ending 3/17/02.

- As a result of reduced phone hours, provider-only lines are available from 9AM to 12 noon. This line will give providers benefit information and eligibility quotes only. A fax number is given as a part of the provider line service and information requests faxed by the provider to CHP are returned within 24-hours.

Membership Group (Diana Ferrari)

Open Enrollment (OE) Update

- Received and processed 6,530 enrollment applications. Distributed to the Board document regarding Open Enrollment 2002 and applications received attached as **Schedule #3**. OE process is smooth and on schedule.

HMO and Dental Summary Changes

- Board received summary of changes as of May 8, 2002 regarding HMO plans for active employees and retirees and a dental summary plan for active-employer paid and retired contributory. This is attached as **Schedule #4**. Statistics revealed that:

- City Plan lost 57 total lives

- Kaiser gained 156 lives

- Blue Shield gained 1,573 lives

- Health Net lost 1, 413 lives

- 169 medical exemptions were lifted.

- Delta Dental gained 666 lives

- PMI lost 135 lives

- Pacific Union lost 169

- 126 exemptions for dental were lifted

- Confirmation statements will be completed and picked up by the mail house by Monday, May 13, 2002. All changes must be entered by June 6, 2002.

Yvonne Hudson reported that Source One, the mail house, notified HSS just two weeks ago and announced that they are going out of business right away. Staff immediately went and picked up unprocessed checks and other documents. Deliverex, the record storage company, picked up remaining envelope inventory. The Purchaser's

Office helped locate an emergency vendor to handle checks pending to be mailed and outstanding open enrollment mailings.

- All dental and medical vendors will receive an eligibility file from DTIS on June 7, 2002. A test file to payroll is scheduled for June 7-12, 2002. Final production file will be on June 24, 2002.
- EBS will send a test file to payroll during the first week of June and a final production file on June 24, 2002.
- Retirement entities with new rates and plan changes will be sent by June 10, 2002.
- Diana Ferrari and Deborah Mcguire have weekly meetings with PPSD to ensure a smooth transfer of data by July 1, 2002.

Finance Group (Bob Hencier)

Old Mail House Vendor

- Source One no longer in business as of April 19, 2002
- Stopped payment of postage advance in progress at that date
- Authorized payment of $20,000 of outstanding invoices.
- Withheld $3,750 for unreconciled prepaid postage (anticipating $2,600).
- Source One received a memo requesting reconciliation of remaining prepaid postage balance.

New Mail House Vendor

- FredCo is new vendor as of this week, per authorization from Purchaser's Office.
- FredCo will be mailing OE confirmation letters on Monday, May 13, 2002.
- FredCo has met with HSS & Accounting staff and has agreed to improve reporting (1) separate invoicing for services and (2) separate invoicing for prepaid postage with regular reconciliation of HSS prepayments.

Update on FY February 3, 2002 Rate Setting

- The MEA rates have been added to the new rate file, which is on-line and available for the Open Enrollment processing.
- All rates now online and available.

Yvonne Hudson stated that other than the standard 10-County amount, the School District and the Community College rates are different because their bargaining units negotiate different subsidies from what is negotiated with the City units.

Legal Counsel Update (Rebecca Saroyan)

Contract Renewal Update

- Distributed to the Board the "Year 2002 HSS Contract Status Report of 05/07/02," attached as **Schedule #5**.
- All contracts will be updated by the end of May.
- Yvonne Hudson confirmed to the Board that after offering a competitive voluntary benefit package to (8) vendors, Colonial presented the best proposal. The new post tax agreement with Colonial will contain more details of expectations and arrangements including having files done electronically for enrollment.
- Rebecca Saroyan acknowledged that Health Net will not have a Medicare risk contract for retirees this year.
- Negotiations have begun for Kaiser's contract for retirees (Senior Advantage) for FY 2002-03.
- Blue Shield has not submitted a contract yet.

Consent Calendar/Agenda

- Involves the use of 3 basic criteria:

1) Public has the right to comment on any item.

2) Sufficient description of the agenda item that clarifies on what the Board is voting.

3) Any member of the Board can remove an item

		from the Consent Agenda for discussion. • Example of item that could be moved to the Consent Calendar is the approval of the draft minutes. SB 168 Social Security Numbers • Senate Bill (SB) 168 regarding Social Security Numbers was passed by the California State Legislature and became effective January 1, 2002. This law prevents health plans or health care providers from printing individual social security numbers on identification cards. As a result, Kaiser, Health Net, and Blue Shield will have to cease using the social security number for membership identification by 2004. • The law provides exemption for state and local government only. HSS is a state entity and is qualified for exemption from this bill. However, all private entities that have a contract (Express Scripts, Beech Street, UBH etc.) with HSS must be in compliance with the law by plan year 2004. Public Comments: • Sharon Fusco stated there is more info regarding SB168 on the last two pages of one of her handouts (Schedule #12). • Ray Mason of the Retirees' Association stated that he would like to see the implementation of SB168 as soon as possible. • Jean Thomas, retiree, requested the meaning of the acronym HIPAA (Health Insurance Portability and Accountability Act).
05092002-03	Action Item	**Presentation of regular financial report of Towers Perrin (Mike Kramer).** • Financial reports for the month of March 2002, attached as **Schedule #6**, and April 2002, attached as **Schedule #7**, were distributed to the Board. • Claims net cash flow in Plan 1 exceeded the income in the April 2002 report by $1,331,000. • Pharmacy claims are steadily increasing and $3 million dollars was paid in medical claims.

		• Reports for both months revealed increased utilization for Plan 1 Medical for dependent (w/o Medicare) of retiree at a high loss ratio: 205% in April and 202% in March 2002. HSB Comments • Commissioners expressed concern as to how the trust fund amount can appear to be increasing in one report (KPMG's report) and in the hole in the next (Towers Perrin's report). Mike Kramer said that he had no answer to the question, but it is obvious that the information that is being given to Towers Perrin does not support the statements that the trust fund is making gains. • Amy Norland of Beech Street promised to supply the Board with data regarding increased claims utilization for facilities and areas outside San Francisco at the next HSB meeting. Staff Recommendation: Accept report Public Comments: None Action: Moved and seconded by the Board to accept the Towers Perrin financial reports. Motion passed 6 to 0.
05092002-04	Discussion Item	**Report** on **activities of the Customer Service Task Force (Commissioner Van Runkle)** • The first Customer Service Task Force meeting is scheduled for May 16, 2002, at 1:00 PM. The agenda is attached as **Schedule #8**. The agenda will primarily consist of discussions involving effective approaches by the task force to the Board of Supervisors concerning the projected budget cuts. The next BOS meeting regarding the HSS budget is mid June. The task force will focus on the impact of the budget cuts on HSS customer service (2-hour telephone service) and staffing. • Dr. Welch stated that the absence (several months) of a representative from the Board of Supervisors on the Health Service Board is an important issue that should be mentioned by a consumer as well as the Customer Service Task Force when they meet with the BOS. Public Comments: Jean Thomas asked for

		clarification of the Customer Service Task Force meeting date and time.
05092002-05	Discussion Item	**Follow up on discussion regarding 2000-01 Management Letter dated March 1, 2002** • Yvonne Hudson stated that Health Service Membership Benefits Administration System and the membership accounting system would be operational by February 2003. Ray Wong will give the Board an update of this project at the June HSB meeting. Finance Report, William Lee, Finance Manager • William Lee presented the Health Service System Finance Unit Work Plan to the Board. Attached as **Schedule #9**. The purpose of the work plan is to identify the specific work tasks, the staff persons assigned to the tasks, and the time frame for completion of the task to address the KPMG audit findings. The focus of the work plan is divided into 3 parts: 1) MAS System (Membership Accounting System) 2) Accounting Function 3) Financial Reporting • Data for the work plan is coordinated by the following administrators: - Ted Yamasaki, Administration Deputy Director - Yvonne Hudson, HSS Deputy Director - Ray Wong, MIS Deputy Director - William Lee, Finance Manager • Financial work plan (chart) features three critical tasks components: (1) starting point for validation of FY financial reports (FAMIS & CAFR), (2) monthly report format development, and (3) monthly financial data analysis and validation. • Commissioner Welch requested that status report of tasks should be given each month. Work Flow Analysis & Best Practices Project, Ted Yamasaki, Deputy Director of Administration • Worked with the Finance staff to identify

		and document the work tasks currently performed. Immediate attention will be placed on the tasks necessary to address the issues raised in the KPMG audit findings. Each task's workflow will be charted and evaluated by William Lee and Yvonne Hudson for efficiency and compliance with government accounting standards. It is anticipated that revisions to tasks and workflow will be as needed. • Once evaluated, workflow diagrams will be translated into narrative work task statements. These tasks statements will be incorporated into a Finance Procedures Manual. • "Best Practices" standards will be established for each process. The Best Practice Manual should be complete by early summer. • The Best Practices standards will be incorporated into performance expectations for HSS finance positions • Employee cross training and coaching staff will be established. Board Comments • President Zvanski and the Board complimented the reports given by William Lee and Ted Yamasaki on short notice and their examples of team effort. • Board requested more interaction with the Controller's Office and accountability regarding items mentioned in the audit report. Need to define the relationship between the` HSS and the Controller's Office. • The Controller's Office will receive a cover letter with a copy of the "Health Service System Division Finance Unit Work Plan." • Requested an update from Ray Wong regarding an independent third party audit of the new BenefitsAdministration System and the membership accounting system as mentioned in KPMG's Management Letter. Public Comments: None
05092002-06	Action Item	United Behavioral Health (UBH) performance and decision regarding renewal of the contract to

provide mental health services for City Health Plan after June 30, 2002-(Continued from March 14, 2002 meeting).

UBH Report, Presentation by Sharon Fusco

- Board received A UBH Report, dated April 5, 2002, attached as **Schedule #10**.This report contains (1) UBH clinical appeal workflow, (2) Seven appeals from CCSF, dated April 5, 2002, (3) UBH Standard Survey Response Rates & Demographics of Respondents for Customers and (4) CCSF Plan 019 and 021 Network versus Non-Network Claims Utilization Distribution.
- UBH Revised Appeals Process in Compliance with 2002 ERISA Claims Procedure Regulations Process-effective July 2002, attached as **Schedule #11.**
- Federal Legislative Issue Overview-2001 Session Wrap-Up United Health Group, attached as **Schedule #12.**
- Progress of UBH/CCSF Claims Transmittal Procedures, May 2002, attached as **Schedule #13.**

UBH Report by Beaulah Smith

UBH Mental Health & Substance Abuse Claims Processing Crisis, attached as **Schedule #14**

- Processing problems with UBH have existed since the effective date of contract with HSS administration, July 1, 2001.
- Quality of transmittals (discrepancies/errors) have not improved since meeting with UBH in March 2001.
- The delays in processing these claims adversely impact CHP members and they ultimately suffer the consequences.

Excel Spreadsheet of Transmittals, attached as **Schedule #15**

- CHP received 628 transmittals from UBH and had to return 346 because of errors between the dates of November 2001 and April 26, 2002.

Complaint Letters regarding UBH, Antoinette

Candelaria

- Complaint letters dated April 6, 2002, attached as **Schedule #16**,
- Complaint letter dated April 4, 2002, attached as **Schedule #17.**
- Complaint letter dated February 25, 2002, attached as **Schedule #18**,
- Complaint letter dated January 15, 2002, attached as **Schedule #19**.
- Complaint letter dated January 27, 2002, attached as **Schedule #20**.

City Health Plan Recommendation

- Beaulah Smith recommends that Beech Street Corporation be allowed to provide utilization and cost savings benefit. The changeover will not cause any membership disruption. Beech Street currently provides CHP with up to date, state of the art, on-line pre-authorization, case management, pricing and provider participation.
- Recommend that the Board not renew the UBH contract for mental health and substance abuse benefits for CHP members when it expires on June 30, 2002.
- This benefit is separate from UBH's other book of business for special substance abuse for the Police and Fire Department bargaining units and Blue Shield.

HSB Comments

- Sharon Fusco of UBH confirmed to the Board that the Police Department has a separate (double) mental health and substance abuse contract that includes 8 sessions for police officers with the Police Department and approximately 179 officers have out patient sessions with Plan 1. If the UBH contract were canceled, the 179 officers would go to Beech Street for mental health and substance abuse services.
- The cancellation of UBH contract will affect only the claims contract.
- Dr. Welch stated that more information

		supporting the problems that CHP is having with UBH is needed before the Board can make a fair decision. • President Zvanski stated that she has noted the increasing number of telephone calls and emails since September, after the UBH contract became effective. Members can no longer get their providers and had to pay out of pocket and felt they had lost their benefits. Further investigation of these claims months later revealed that the problems were never resolved. • Board requests a comparison of the networks of Beech Street and UBH. • Recommend a meeting between Yvonne Hudson, Sharon Fusco, and Beaulah Smith to discuss ways to resolve problems and the need to bring supportive documentation of various issues to the next HSB meeting. Sharon Fusco, Comments • Stated that the number of faxes received by Beaulah and Antoinette (Schedule #15) does not match her report. She will have to get more information and research from her office. Agree that problems still exist with CHP and will bring associates to the next Board meeting to address issues. Rebecca Saroyan, Deputy City Attorney • UBH contract expires June 30, 2002. There is a provision that states that a 30-day notice must be given if the intent is to renew UBH's contract. • Amendment of the agreement to change the provision to reduce the days from a 30-day notice to a 15-day extension. Staff Recommendation: Do not renew contract and use Beech Street provider network and services. Public Comments: Sara Wright presented various unresolved problems with UBH and constant confusion. It took 4 months to get claims paid. Action: None
05092002-07	Action Item	**Discussion and decision regarding administering hearing aid benefit under the City Health Plan**

		Deferred to next meeting Staff Recommendation: Pay claims for hearing aids at 100% to the $2,500 maximum every 36 months. Public Comments: None Action: None
05092002-08	Action Item	**Discussion and decision regarding administering infertility benefit.** Deferred to next Board meeting Public Comments: None Action: None
05092002-09	Discussion Item	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Public Comments: • Joanne Haggerty of Health Net announced that Health Net has been solicited by two consultants for the City College for medical benefits. Notified Rebecca Saroyan and Yvonne Hudson of this and would like for the Board to assist in an appropriate response per the City Charter. Board requested that she should see Rebecca Saroyan for guidance and that the consultants should be told to read the City Charter online.
05092002-10	Discussion Item	**Opportunity to place items on future agendas.** Public Comments: None
05092002-11 **Adjourn 4:06 PM**	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments: None

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HEALTH SERVICE BOARD

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/02

NOTICE AND AGENDA

Regular Meeting
Thursday June 13, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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06132002-02	**Discussion Item**	**Reports of Health Service System staff and legal Counsel regarding the following matters:** • **Administration (Yvonne Hudson)** - Introduction of Assistant Deputy Director - HIPAA Task Force ▪ **City Health Plan Group (Beaulah Smith)** **Membership Group (Diana Ferrari)** ▪ **Finance Group (Bob Hencier)** ▪ **Legal Counsel Update (Rebecca Saroyan)** - Contract renewal update Documents provided to Board prior to meeting: - *Claims Processing Status Report* Public Comments:

06132002-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month May, 2002* Staff Recommendation: Accept report Public Comments: Action:
06132002-04	Discussion Item	**Update-PeopleSoft Benefits Administration and Membership Accounting Systems (Ray Wong)** Documents provided to Board prior to meeting: *None* Public Comments:
06132002-05	Discussion Item	**HSS Finance Unit Work Plan Update (William Lee and Ted Yamasaki)** Documents provided to Board prior to meeting: Work Plan Deliverables Public Comments:
CUSTOMER SERVICE TASK FORCE MATTERS		
06132002-06	**Discussion Item**	**Report on activities of the Customer Service Task Force (Commissioner Van Runkle)** Documents provided to Board prior to meeting: *None* Public Comments:
END OF CUSTOMER SERVICE TASK FORCE MATTERS		
06132002-07	**Action Item**	**United Behavioral Health (UBH) performance and decision regarding renewal of the contract to provide mental health services for City Health Plan after June 30, 2002-(Continued from May 9, 2002 meeting).** Documents provided to Board prior to meeting: *UBH Summary, June 13, 2002* *CHP Report* Staff Recommendation: Do not renew contract and use Beech Street provider network and services. Public Comments: Action:
06132002-08	**Action Item**	**Clarification of administration of hearing aid benefit under the City Health Plan** **Issue: Is this benefit in or out of network since there is not a network of providers** Documents provided to Board prior to meeting: *None*

		Staff Recommendation: Pay claims for hearing aids to a maximum of $2,500 every 36 months, one or both ears. Public Comments: Action:
06132002-09	**Action Item**	**Clarification of administration infertility benefit under the City Health Plan** **Issue: Is the Infertility benefit available to same sex couples?** Documents provided to Board prior to meeting: *Administration of Infertility Benefit* Staff Recommendation: Public Comments: Action:
06132002-10	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Public Comments:
06132002-11	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
06132002-12 **Adjourn**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

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Department of Human Resources

June 13, 2002

Health Service Board

MINUTES

Regular Meeting
Thursday June 13, 2002

1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond, Excused Commissioner Aleeta Van Runkle	
06132002-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** ♉ **Regular Meeting of May 9, 2002** Staff Recommendation: Approve draft minutes Public Comments: None Action: Moved and seconded by the Board to approved minutes of May 9, 2002 with recommended amendments. Motion passed 5-0.
06132002-02	**Discussion Item**	**Reports of Health Service System staff and legal** **Administration (Yvonne Hudson)** Introduction of New Assistant Deputy Director ♉ Yvonne Hudson introduced the new Assistant Deputy

Director for the Health Service System, Jeffrey Hildebrant. Mr. Hildebrant is a graduate of Michigan State University and has a degree in Psychology and in Human Resources. He was formerly the Group Benefits Manager for the GAP.

Health Insurance Portability and Accountability Act (HIPAA) Task Force

♉ The first HIPAA Task Force meeting was held on Wednesday, May 22, 2002. Primary purpose of the task force is to get the HSS compliant with HIPAA and to meet the following key deadlines:

- October 13, 2002 for the data conversion transmission with the ability to extend it to 10/13/03 if necessary.

- April 13, 2003 privacy requirements.

♉ The HSS received from Towers Perrin a Request for Proposal (RFP) for HIPAA Compliance Recommendations. After reviewing the RFP the HIPAA Task Force decided that Towers Perrin's costs are high; therefore, the task force is currently working on ways to reduce the cost by having some of the work performed in-house. Members of the HIPAA Task Force include: Rebecca Saroyan, Antoinette Candelaria, Diana Ferrari, Linda Lee, Alona Bumanlag, Samuel Kwong, Roland Mittica, and two Towers Perrin HIPAA experts; Rita Holder and Stella Edralin.

City Health Plan Group (Beaulah Smith)

♉ The Claims Activity Report for the month of May 2002 showed an increase of outstanding claims of 20,483 with a year to date (YTD) claim turnaround time of 17.54. This is attached as **Schedule #1**. The most recent claims report for the week ending June 7, 2002 reflects a reduction in the inventory to 19,640. This document is attached as **Schedule #2**.

♉ Two Benefits Analysts are absent, one on workers compensation and another on medical leave.

Membership Group (Diana Ferrari)

♉ The Board received the final Open Enrollment report that includes the summary of changes for actives and retirees as of June 10, 2002. This document is attached as **Schedule #3**. The total number of applications processed was 6,631.

Finance Group (Bob Hencier)

♉ Stated that William Lee and Ted Yamasaki will report major activities in the Finance section as part of their

		update. **Legal Counsel Update (Rebecca Saroyan)** ♉ Contract Status Report as of June 13, 2002, was distributed to the Board. This is attached as **Schedule #4**. Contracts will be complete by June 30, 2002. ♉ UBH contract has been amended to include decision made by the Board today (Item #7). ♉ Rebecca Saroyan and Yvonne Hudson confirmed to the Board that as of July 1, 2002 (fiscal new year), Jeffrey Hildebrant would handle contract negotiations and preparations. The City Attorney's role is to review the contracts for approval as to form (per City Charter). Public Comments: None
06132002-03	**Action Item**	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** ♉ The Board received a financial report for the month of May 2002. This is report is attached as **Schedule #5**. ♉ Towers Perrin acknowledged that it is their priority to repair the credibility problem caused by the fact that their monthly reports to the Board show that the health plan cost is greater than the health plan income. Whereas, the KPMG's report showed that the trust fund had experienced a gain of $14 million dollars. They were surprised by the $14 million dollars found in the prepared financial statements in the KPMG report. ♉ Towers Perrin has met with William Lee to discuss goals of implementing accurate, timely, and consistent reporting of financial information. Towers Perrin is available to meet with Mr. Lee to work further on the financial reports. ♉ In the past, Towers Perrin never reported the trust fund balance because only the Controller has access to that information. The trust fund information presented to the Board by Towers Perrin uses cash basis transactions as a proxy for actual fund balance information. ♉ In accordance to the development and implementation of the *HSS Finance Unit Work Plan Update,* developed by the DHR Finance Office, William Lee, Towers Perrin, the HSB, and the Controller will know the trust fund balance. Staff Recommendation: Accept report Public Comments: None

		Action: The Board moved and second to accept the Towers Perrin financial report. Motion passed 5 to 0. **Agenda Order Change Request** President Zvanski recommended advancing the agenda to Item #5 for discussion by the Board.
06132002-04	Discussion Item	**HSS Finance Unit Work Plan Update, Deputy Director of Administration, Ted Yamasaki** Ɣ The Board received the HSS Division Finance Unit Work Plan Update for June 13, 2002. This document is attached as **Schedule #6**. Best Practices Program Update Ɣ It has been recommended by DHR Director Andrea Gourdine that finalization of the development of the Best Practice Program includes information gathered from outside (CCSF) experts of "Best Practice." Ɣ Labor market checks will be included to ensure that tasks are complete and in the `normal' range. Ɣ Successful implementation of this program will provide mitigation to the findings identified by KPMG audit report, including the enhancement of management oversight of the accounting function. Ɣ Ted Yamasaki manages facilitation of the workflow, design, and the Best Practice Program. Ɣ Jeffrey Hildebrant has agreed to manage the workflow, and best practice development outside of the Finance unit into the end of the HSS operation. Ɣ Identification of current workflow assessments have been completed on critical tasks related to the recent KPMG audit. A "Finance Unit Work Plan Summary" chart (pages 1-2) identifies the task, task timeline, completion date, and lead staff for each task. Financial Reporting, William Lee, Manager of Finance Ɣ Board received Monthly Statement of Net Assets and Changes Available for Health Benefits, March 31, 2002 (year to date). This is attached as **Schedule #7**. Ɣ The monthly statements for net assets include totals for assets and liabilities and the net assets held in the trust for March 31, 2002 and June 30, 2001. Ɣ The monthly statement of changes of net assets for March 31, 2002 and June 30, 2001 includes total contributions, investment earnings, total additions, total deductions, and net assets available for health benefits at

		the beginning and end of statement. Board Comments ♉ Board requested a version of financial statements for the HMOs that include the gap dollar amount (in the Towers Perrin's monthly financial report). ♉ The typo, "pension benefits," printed on the first page of the monthly statement report (Schedule #7) under net assets, should be removed and show health benefits. ♉ William Lee committed to give the Board the final audit report by the end of June 2002 and figures from the Comprehensive Annual Financial Report (CAFR) for CCSF report by the end of July 2002. ♉ The Board expressed follow-up on the origination of the unexpected $14 million in the trust fund. Mr. Lee promised to keep them informed of this matter after the current challenges are addressed and implemented to where the past practices can be studied and data compared. Public Comments: None
06132002-05	**Discussion Item**	**Update-PeopleSoft Benefits Administration and Membership Accounting Systems (Ray Wong).** ♉ Board received the Benefits Administration Financial System (BAFS) Project Status Report. This report is attached as **Schedule #8**. ♉ The *Member Eligibility and Scheduled Deductions and Membership Finance* functions are scheduled to go into production on February 21, 2003. The report includes a chart that identifies the functions of each of the major functional areas. ♉ Another report includes the phase and target completion dates. There are 21 discrete task areas identified with the exact development of the project plan containing 267 tasks. ♉ Stephen Lucich, HSS Principal Accountant has been assigned full-time to the BAFS project. ♉ Harold Guetersloh, retired Accounting Operation Director from the Controller's Office and Robert Won, retired Supervising Fiscal Officer from MTA, have been hired by BAFS for their expertise with the FAMIS system. ♉ The old system will be maintained (MAS) and will continue to be used until it is phased out. ♉ Expense for implementing the new system is

		approximately $3 million dollars a year. Examples of annual fixed costs that could not be avoided: - $900,000 a year for the PeopleSoft license. - Approximately $90,000 to maintain the HP servers and UNIX operating system. - Approximately $50,000 state sales taxes ♉ PeopleSoft upgrades are included as part of the maintenance fee. The system has been upgraded six times in 3 years. The system is currently operating at Version 7.5 DHR has hired Alona Bumanlag who helped implement the Version 8.xx upgrade. ♉ The total cost of the PeopleSoft implementation, from July 1999 to date is approximately $8 to 9 million. This includes the Human Resources Management System and the benefits Administration & Financial System, annual fixed costs, DTIS support and DHR staff. ♉ William Lee assured the Board that funding for PeopleSoft comes from DHR and is not connected to the Health Service System and expenses do not come out of the trust fund. Motion for Independent Review ♉ Commissioner Karen Breslin made a motion that a letter be written to Ed Harrington of the Controller's Office, requesting that he or a designee do an independent review of the Benefits Administration and Financial System (BAFS) implementation process in its current status. Commissioner Deignan seconded the motion. ♉ Yvonne Hudson stated that the Board's request for the Controller to conduct an independent review or RFP would be charged to the Health Service System. ♉ Ray Wong expressed concern regarding potential setbacks that could result from having to "service" auditors at this crucial stage of the BAFS project. Public Comments: None Action: Motion for a letter to Ed Harrington of the Controller's Office, for an independent review of the BAFS implementation process failed to get a majority vote. Motion failed 4 to 1.
06132002-06	Discussion Item	**Report on activities of the Customer Service Task Force (Commissioner Van Runkle).** ♉ First Customer Service Task Force was held at 1 PM, on May 16, 2002. Members in attendance were: Health

		Service Board President, Claire Zvanski, Diana Ferrari, Sandra Holmes, Yvonne Hudson, Dennis Krueger, Ed Lieberman, Ray Mason, Jean Thomas, and Ted Yamasaki. ♉ The task force focused on the proposed budget from the Mayor's Office and members making appearances before the Board of Supervisor (BOS) during the budget hearing that is set for Tuesday, June 18, 2002. A second task force meeting will be on Monday, June 17, 2002 for those that are interested in appearing before the BOS on Tuesday. ♉ Commissioner Breslin requested that the task force should contact Muni (per recommendation of KPMG) and inquire about Muni's customer service procedures regarding the telephone service. Public Comments: Jean Thomas asked for the location of the meeting of the task force on Monday. Commissioner Van Runkle informed her that the meeting would be at the Health Service System, at 1145 Market Street, 2nd floor.
06132002-07	**Action Item**	**United Behavioral Health (UBH) performance and decision regarding renewal of the contract to provide mental health services for City Health Plan after June 30, 2002-(Continued from May 9, 2002 meeting).** ♉ Yvonne Hudson and Jeffrey Hildebrant met with the UBH management last Friday to discuss discrepancies in the number of transmittals received and returned, as well as discrepancies that was reported in other areas. A new report was submitted by UBH after this meeting. ♉ Jeffrey Hildebrant worked closely with Beaulah Smith in the review of the UBH report in comparison with CHP. ♉ The Board received (in blue binders prior to meeting) a UBH Summary, dated June 13, 2002, attached as **Schedule #9**. A revised version of this report was distributed at the meeting. This is attached as Schedule **#10**. ♉ Several UBH discrepancies in Item 1 needed clarification: - Time period covered for receipt and return of transmittals is November 1, 2001 through end of April 2002. This is opposite to the number of transmittals in the UBH report during the time period of July 1, 2001 to May 2002. - Additional information from United Health Care corrects 139 faxes to 160 faxes. - UBH was sent copies of additional 57 faxes that are the result of an internal audit. A complete audit will be done by Claims to ensure that all claims have

been paid.

City Health Plan Report, Beaulah Smith

ɤ The Board received a report regarding telephone inquiries. This document is attached as **Schedule #11**. The timeline covered in the telephone report and Excel spreadsheet is from January 2002 through May 2002. These reports include information regarding the total number of calls received in detail by members and providers regarding claims, benefits, deductibles, membership issues, and UBH problems.

ɤ Both reports show that the overall average of calls received by CHP regarding UBH problems is at a record high of 45%.

Beech Street Networks, by Amy Norland

ɤ Advanced Behavioral Health and Chemical Dependency Management report was distributed to the Board. This report is **Schedule #12**. This is a summary of networks and services that are currently being provided to the City Health Plan. Outline includes information regarding:

- Beech Street's Standard Network and Utilization Management (UM).

- Advanced Behavioral Health Utilization Management

- Quarterly Utilization Summaries

- Beech Street Mental Health Network

UBH Report, by Sharon Fusco

ɤ Introduced to the Board Mr. Emery Dameron, UBH Chief Operating Officer from San Francisco and Cathern Spillane, from UBH Claims Department.

ɤ Ms. Fusco referred to the last revised report (Schedule # 10) and thanked Yvonne Hudson and Jeffrey Hildebrant for meeting with UBH last Friday. This report contains responses to questions presented by the Board at the last meeting and current City concerns.

ɤ Mr. Dameron stated that UBH values their long-term relationship and contract with the City and will continue to work closely with Ms. Smith and the claims staff. He appealed to the Board to maintain the current UBH contract as it is.

Board Comments

- Commissioner Van Runkle stated that as a member of the Customer Service Task Force, she is concerned about the high number of calls regarding UBH problems and the effects upon the HSS claims staff already suffering with limited resources.

- The potential system problems have serious implications that could sever clinical administration relationships.

- Commissioner Welch stated that physical and mental health was integrated with the idea of making them equal. Therefore, she recommends fixing the system issues rather than penalize providers and patients by alternating the network.

- Yvonne Hudson stated that the quality of the claims must improve if things are going to get better. The reason why the claims payment issue was removed from UBH is because payment of the deductibles is part of the HSS benefit.

- Yvonne reminded the Board that the mental health part of the UBH contract is as of July 1, 2001 and existed for only 1 year and the other part of the relationship was regarding chemical dependency.

- Roland Mittica clarified the reasons why claims payment was not paid by UBH. It would not be possible for them to (1) coordinate the deductible with other claims paid by HSS and (2) determine when the out-of-pocket limit would be met. If UBH paid the claims, the reimbursement would be 80% or 85% or 50% without regard to the deductible and co-insurance limit.

Staff Recommendation: Do not renew contract and use Beech Street provider network and services.

Public Comments:

- Concerns expressed by CHP member, "Patricia," regarding UBH violation of confidentiality & record security as per HIPAA and failure of payment to provider after a long documented process. Stated that mental health patients are treated unfairly and are discriminated against.

- Antoinette Candelaria commented about members whose services with their providers were interrupted because of the UBH contract (as stated by Patricia). The big "difference" referenced by Dr. Welch with UBH from "before" is that in the past years, they were not taking out for deductibles and the "out-of-pocket." As a result, after the development of the new contract, the City Health Plan had to process all of the claims.

Amended Motion.

		♉ Dr. Welch recommended denying the staff recommendation to terminate the UBH contract and recommended renewing the UBH contract for another year. ♉ Commissioner Aleeta Van Runkle recommended extending the UBH contract four months. ♉ Rebecca Saroyan said that this can be done but modification of the contract at this time must be done immediately and must be with the approval of UBH. ♉ The Board asked UBH to respond to what conditions they would accept renewal of their contract with the City. **UBH Recommendation of Contract** ♉ Mr. Dameron and Sharon Fusco recommended that the following terms would be acceptable with UBH under a 4 month extended contract: 1. Elimination of the pre-authorization of a non-network providers. 2. Ignore the deductible and out-of-pocket. Action: Moved by Dr. Welch to continue the current UBH contract as is for another year. Motion failed for lack of a second vote. Recommended Motion ♉ Commissioner Van Runkle recommended extending the UBH contract for a four- month period subject to possible amendment of two issues: of pre-authorization requirements that may be modified or eliminated and also the deductible and co-insurance issue. Action: Motion was moved and seconded by the Board to extend the UBH contract for a four- month period with possible amendments regarding pre-authorization requirements and the deductible co-insurance. Motion passed 4 to 1.
06132002-08	**Action Item**	**Clarification of administration of hearing aid benefit under the City Health Plan.** **Issue: Is this benefit in or out of network since there is not a network of providers.** Deferred to next meeting. Staff Recommendation: Pay claims for hearing aids to a maximum of $2,500 every 36 months, one or both ears. Public Comments: None

		Action: None
06132002-09	**Action Item**	**Clarification of administration infertility benefit under the City Health Plan.** **Issue: Is the Infertility benefit available to same sex couples?** Deferred to next meeting. Staff Recommendation: Public Comments: None Action: None
06132002-10	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Deferred to next meeting Public Comments: None
06132002-11	**Discussion Item**	**Opportunity to place items on future agendas.** Deferred to next meeting. Public Comments: None
06132002-12 **Adjourn:** **4:06 PM**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments: None

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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DISABILITY ACCESS

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

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JUL 9 2002
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PUBLIC LIBRARY

Regular Meeting
Thursday July 11, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
07112002-01	**Action Item**	**Approval (With Possible Modifications) Of The Minutes Of The Following Meeting:** ▪ **Regular Meeting of June 13, 2002** Staff Recommendation: Approve draft minutes Documents provided to Board prior to meeting: *Draft Minutes of Regular Meeting.* Public Comments: Action:
07112002-02	**Discussion Item**	**Reports Of Health Service System Staff And Legal Counsel Regarding The Following Matters:** • **Administration (Yvonne Hudson)** - Staffing Update - Customer Service ▪ **City Health Plan Group (Beaulah Smith)** **Membership Group (Diana Ferrari)** ▪ **Finance Group (Bob Hencier)** ▪ **Legal Counsel Update (Rebecca Saroyan)** - Contract Renewal Update Documents provided to Board prior to meeting: - *Claims Processing Status Report* Public Comments:

07112002-03	Action Item	**Presentation And Acceptance (With Possible Modifications) Of Regular Financial Report Of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month June 2002.* Staff Recommendation: Accept report Public Comments: Action:
07112002-04	Action Item	**Discussion And Decision Regarding Administering Hearing Aid Benefit Under The City Health Plan.** Documents provided to Board prior to meeting: *Hearing Aid Benefits Information Sheet* Staff Recommendation: Pay claims for hearing aids at 100% to the $2,500 maximum every 36 months. Public Comments: Action:
07112002-05	Action Item	**Discussion and Decision Regarding Administering Infertility Benefit Under The City Health Plan.** **Issue: Is the infertility benefit available to same sex couples?** Documents provided to Board prior to meeting: *Administration of Infertility Benefit.* Staff Recommendation: Follow Kaiser model for Artificial Insemination (AI). Public Comments: Action:

CUSTOMER SERVICE TASK FORCE MATTERS

07112002-06	Discussion Item	**Report On Activities Of The Customer Service Task Force (Commissioner Van Runkle)** Documents provided to Board prior to meeting: None Public Comments:

END OF CUSTOMER SERVICE TASK FORCE MATTERS

07112002-07	Discussion Item	**HSS Finance Unit Work Plan Update (William Lee and Ted Yamasaki).** Documents provided to Board prior to meeting: *Work Plan Deliverables.* Public Comments:
07112002-08	Action Item	**Resolution of Commendation for Virginia O. Calonsag's Retirement After 22 Years of Service.** Documents provided to Board prior to meeting: *Resolution of Commendation.*

		Staff Recommendation: Approve resolution. Public Comments: Action:
07112002-09	**Discussion Item**	**Semi-Annual State of the Health Service System Presentation (Yvonne Hudson).** Documents provided to Board prior to meeting: *Power Point Presentation.* Public Comments:
07112002-10	**Discussion Item**	**Reports On Network And Health Plan Issues (Network And Health Plan Representatives).** Public Comments:
07112002-11	**Discussion Item**	**Opportunity To Place Items On Future Agendas.** Public Comments:
07112002-12 **Adjourn**	**Discussion Item**	**Opportunity For The Public To Comment On Any Matters Within The Board's Jurisdiction.** Public Comments:

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Department of Human Resources

July 11, 2002

Health Service Board

minutes

Regular Meeting
Thursday July 11, 2002

1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order: 1:12 PM		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond, *Excused* Commissioner Aleeta Van Runkle, *Excused*	
07112002-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** ♉ **Regular Meeting of June 13, 2002** Staff Recommendation: Approve draft minutes Public Comments: None Action: Moved and seconded by the Board to approve the minutes of June 13, 2002 with recommended amendments. Motion passed 4 to 0.
07112002-02	**Discussion Item**	**Reports of Health Service System staff and legal counsel regarding the following matters:** **Administration (Yvonne Hudson)** Staffing Update

♉ HSS did not lose any positions during the final budget hearing of the BOS. Andrea Gourdine, DHR Director, made an appeal to Harvey Rose (Budget Office) regarding the importance of flexibility of HSS staff until funding is available. There are presently 6 vacancies, 3 Technicians and 3 Benefits Analysts. Four (2 Technicians and 2 Budget Analysts) vacancies are available to be filled upon funding.

♉ Two employees (1210 positions) in Membership have applied for medical leave and their positions will be filled on a temporary exempt basis.

♉ Virginia Calonsag, Benefits Technician with the City Health Plan, has retired and starting Monday, the position will be filled by a person from a temporary staffing agency.

Customer Service

♉ Effective July 8, 2002, the customer service telephone hours were reduced to 2 days a week (Tuesday and Thursday) and 2 hours per day (10 AM to 12 noon). Notification of this change is listed on all of the Membership and CHP telephone lines, as well as the Health Service System Division website (`http://www.sfgov.org/hss`). A hard copy of the HSS website cover page with the announcement of the telephone service reduction notice was distributed to the Board and is attached as **Schedule #1**. A notice of these changes will be sent to all Departmental Personnel Officers (DPO) and by Payroll through a payroll stuffer.

♉ Jean Thomas, of the Retirees Association, published the new HSS Customer Service telephone hours in the retirees' monthly news bulletin, *Retired Employees of the City and County of San Francisco, Inc.* (RECCSF).

Board Comments

♉ Commissioner Breslin expressed concern to the reason why customer service hours are so short. Ms. Hudson explained that the reduction of telephone service to two hours and 2 days (as of July 8th) is because of the loss of temporary staff (in addition to regular staff reduction) that serviced the San Francisco Unified School District (SFUSD) and Community College.

♉ Options are being considered to assist members to use other resources for assistance until replacement staff is available (i.e. Online computer access to plan forms and popular plan questions, and redirecting members to read their plan booklets). She assured Commissioner Welch that options will be explored on how to enhance the customer service telephone hours.

City Health Plan Group (Beaulah Smith)

♉ Claims report for week ending June 28, 2002 shows claims on hand are down with claims outstanding reporting at 19,812, with 22.52 working days outstanding and with the claim turnaround time year to date at 14.73. This report is attached as **Schedule #2**.

Membership Group (Diana Ferrari)

♉ Apology was offered to the Board and to Joanne Haggerty of Health Net for error made in the Open Enrollment Summary Change Report regarding membership lost by Health Net. This report was presented at the last HSB meeting. Total membership lost by Health Net should have been reported as 1, 449 members, not 3,078 members.

♉ In April, Kaiser sent a letter to 125 retirees informing them that their membership will be transferred to the City Health Plan starting July 1, 2002, if they do not assign their Medicare benefits to them. As a result of this letter, 69 retirees were sent to Membership for assignment. A total of 52 retirees were transferred to the City Health Plan from Kaiser while the rest was either of exempt status or elected to go to other plans.

♉ In November, Membership will send letters to retirees who are enrolled only in one part of Medicare and/or who have failed to respond to Medicare inquiries. They will be informed that they should enroll in Medicare A & B during the Social Security open enrollment period of January, February, and March. It is important they have this insurance effective by July 1, 2003. Failure to enroll and assign their (A&B) Medicare insurance to Kaiser will cause their accounts to be transferred from Kaiser to the City Health Plan.

Board Comments

♉ Retirement does not inform Membership of all deceased members, such as retirees who are subscribers, therefore; the City pays their premiums in full. As a result, there isn't any change in the premium amounts given to Membership. Ms. Ferrari informed the Board that DTIS has been requested to work with Retirement for a complete monthly report on all deceased retirees.

♉ Commissioner Breslin expressed concern regarding a retiree being `forced' to enroll into the City Health Plan. Rebecca Saroyan stated that after proper notification has been made by the Health Plans; it is vital for the retiree to make a health care decision. Failure to do so will force the City to make a decision for them. The City was paying extra costs of up to a million dollars a year to Kaiser, from the trust fund, to compensate Kaiser for the lack of Medicare payments that they were receiving from the Federal government.

Finance Group (Bob Hencier)

♉ Annual post audit review was done with the Controller's Office on June 26, 2002. This is an internal control compliant test performed citywide to every department. The purpose of this test is to determine if the department is compliant with the policy and procedures of the City. Ninety transactions performed during the year are chosen for "judgment sample" for inspection (i.e. tax receipts, purchasing documents, blank purchase orders, & payment requests). Supporting documentation and explanation of process is given if requested. Final (written) report of test is expected in September or October.

♉ Documentation of essential workload is completed per recommendation of KPMG and is ongoing with the assistance of William Lee and Ted Yamasaki. Additional 16 tasks have been identified and will be documented into the procedures manual.

♉ Finance has been working with William Lee in preparation for the upcoming KPMG financial statement audit. KPMG sent 3 auditors to assist in interim fieldwork on the week of June 24, 2002. Regular fieldwork is scheduled to be from September 16-October 4, 2002 (three weeks).

Board Comments

♉ Dr. Welch expressed concern as to the reasons it takes the Controller's Office so long to return with a QI report and chances for any surprises. Mr. Hencier stated that he isn't sure but the audit includes the calendar year 2001. Last year HSS made the Controller's Office top 10-list for having frequent exceptions noted in regards to other City departments. However, HSS has been informally notified that they are far below the list for this (2001) calendar year and that their procedures have greatly improved.

Legal Counsel Update (Rebecca Saroyan)

♉ HSS Contract Status Report for 2002 is attached as **Schedule #3**. All contracts, except EBS, have been finalized by the end of June. Yvonne Hudson is expecting the EBS contract arrival today and Andrea Gourdine signature is needed on the Colonial contracts.

♉ UBH contract has been amended and term of the extension date is to the end of October 2002.

♉ It has been finalized through negotiations that California Pacific Medical Center (CPMC) will be administered through Beech Street and will be retroactive as of January 1 2002. All claims prior to the new retro date will be paid according to their HSS contract dated 1994.

♉ Jeff Hildebrant, new HSS Assistant Deputy Director, will review all existing contracts of direct providers. Many are (like CPMC) loaded in the WANG system and need to

		be updated. A detailed analysis regarding other direct provider relationships, exchange of correspondence with the Chinese Hospital and Stanford regarding contract re-negotiations will be given to the Board at the next (August) HSB meeting. Public Comments: ♉ Margaret Krane, retiree, expressed concern regarding the contract status of Delta PMI. ♉ Ray Mason, of Retirees' Association, inquired about status of funds that would improve HSS staffing and customer service.
07112002-03	**Action Item**	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** ♉ There isn't a monthly financial report for June 2002 because of the delay in processing the 3rd pay period in June. Therefore, the posting for the last pay period will take place next week. ♉ Mike Kramer introduced a new member of the Towers Perrin team, Ms. Heidi Martindill, a graduate of Colgate University, and from Tower Perrin's office in Houston, Texas. Staff Recommendation: None Public Comments: None Action: None
07112002-04	**Action Item**	**Discussion and decision regarding administering hearing aid benefit under the City Health Plan.** ♉ President Zvanski explained to Commissioner Breslin that this is not a change in the benefit, but a clarification. The benefit is not different from what is published in the packets. Hearing aid benefit under the CHP will provide coverage for one or both ears for 36 months to a maximum of $2,500. A description of this benefit is attached as **Schedule #4.** Staff Recommendation: Pay claims for hearing aids at 100% to the $2,500 maximum every 36 months. Public Comments: None Action: Moved and seconded by the Board to accept the staff recommendation to pay claims for hearing aids at 100% to the $2,500 maximum every 36 months. Motion passed 4 to 0.
07112002-05	**Action Item**	**Discussion and decision regarding administering infertility benefit under the City Health Plan.**

		Issue: Is the infertility benefit available to same sex couples? ♉ The purpose of this item is to clarify the access of the infertility benefit to same sex couples and identify what the limitations are. Beech Street did not authorize services under the infertility benefit because the couple did not meet the definition of infertility. Description of the criteria used to determine infertility by the 3 HMOs is attached as **Schedule #5**. Yvonne Hudson stated that the clarification of the benefit would be included in the Summary Plan Document. ♉ Dr. Welch stated that it is important that the standard medical definition of "infertility" be included in Kaiser's provision because most people will not consider an alternative definition of infertility unless the one-year provision is met. ♉ Jane Fronk confirmed to Commissioner Breslin that Kaiser would not differentiate the administration of the infertility benefit between the heterosexual couple and the same sex couple. Staff Recommendation: Follow Kaiser model for Artificial Insemination (AI). Beech Street definition of infertility states: "Failure to conceive after a year of regular intercourse without contraception." Public Comments: Jean Thomas, retiree, inquired about the Summary Document Plan and when will it be distributed to members. Ms. Hudson responded that it would probably be in another month and that during the interim it is ok to refer to last year's Summary Document Plan for definitions. The Board also confirmed Ms. Thomas' question that there aren't any hearing aid networks. Action: Moved and seconded by the Board to adopt staff recommendation with the provisos that we add in the infertility definition as documented in the handout by Beech Street. Motion passed 4 to 0.
CUSTOMER SERVICE TASK FORCE MATTERS		
07112002-06	Discussion Item	**Report on activities of the Customer service Task Force (Commissioner Van Runkle)** Deferred to next meeting. Public Comments: None
END OF CUSTOMER SERVICE TASK FORCE MATTERS		
07112002-07	Discussion Item	**HSS Finance Unit Work Plan Update (William Lee and Ted Yamasaki).**

♉ The Board received the Health Service System Finance Unit Work Plan Update, attached as **Schedule #6**.

Work Plan Project, Ted Yamasaki

♉ Ted Yamasaki announced that the workflow project is now transmitted to the design team of the PeopleSoft/BAFS Development Team. The team has added systems designers and accounting experts, Harold Guetersloh and Bob Won (retirees from Controller's Office) and the KPMG field representative for review.

♉ Best Practice and Work Practice for Finance, Membership and Claims information questionnaires have been sent to the 10-County Survey, per the Health Service Board's request. Harold Guetersloh and Bon Won are evaluating the work- flow plans for best practice and work practice approach.

♉ In order to ensure that HSS will have a successful audit and audit findings next year, the work plan has been modified to temporarily refocus staff attention and resources. It is important that Will Lee briefly halt his work with the work plan project and work closely with the auditors and the HSS Finance Group.

Financial Report Update, Will Lee

♉ KPMG began their preliminary fieldwork for the FY 2001-2002 audit. Initial financial statements including the methodology for its development was presented to the KPMG field representative. As a result of discussions regarding the methodology it was determined that a portion of the methodology was inconsistent with KPMG. Focus of the Financial Statement of the work plan had to be re-evaluated and re-validated in order to meet KPMG's recommended methodology.

♉ Prepared By Client list (PBC)- Initial work list test that KPMG gives clients in order to determine how methodology information is formed and a gage used to determine how we have progressed based on to their standards. Mr. Lee met with Yvonne Hudson and prepared a 3- inch binder based on PBC list for KPMG to study and gage HSS progress.

♉ Revisions of the Financial Statements were identified and resolved well before the KPMG's final audit scheduled for mid-September. An additional 8-page document from thePBC list must be completed before September and the financial statements must be completed and the numbers must be documented per their (KPMG) specifications.

Board Comments

♉ Dr. Welch asked if there is more than one way to post a

		receivable. Will Lee stated that based on the way HSS conducts business, there are multiple ways to post a receivable and there is not an existing blue print to follow. However, the posting was done consistently, therefore, the change can be done swiftly and the Financial Statements will be ready in September. ♉ Dr. Welch expressed concern if HSS definition of what a receivable is consistent with KPMG's definition and the importance of having valid numbers. ♉ President Zvanski stated that based on the financial report update concerning the Financial Statements, the Board might consider scheduling a Budget and Finance Committee meeting. ♉ Yvonne Hudson stated that she believes KPMG used the wrong reports to guide HSS standards and that there will be a meeting to direct them to what documents are used, and make sure that the auditors understand the purpose so that they will not get the wrong conclusions. Public Comments: Jean Thomas, retiree, observed that KPMG auditors should make recommendations based on generally accepted accounting principles and the 8-Page document should be based on a general discussion to give the staff sufficient guidance on how to continue.
07112002-08	Action Item	**Resolution of Commendation for Virginia O. Calonsag's retirement after 22 years of service.** Resolution of Commendation was presented to the Board and is attached as **Schedule as #7**. Staff Recommendation: Approve resolution. Public Comments: None Action: Motion was moved and seconded by the Board to approve resolution. Motion passed 4 to 0.
07112002-09	Discussion Item	**Semi-Annual State of the Health Service System Presentation (Yvonne Hudson).** ♉ The State of the Health Service System Semi-Annual Report, dated July 11, 2002, is attached as **Schedule #8**. This Power Point presentation outlines the progress of HSS since the last report given in December, 2001: **HSS Mission Statement** **Membership Division** ♉ Staff consists of 8 Benefits Analysts and 7 Benefits Technicians. ♉ Lists notable Membership Division accomplishments for the period of December 2001 through June 2002.

Despite hiring freeze, processing new hire enrollments and benefit changes was only 3,231 from being the total enrollment completed last year.

- Open Enrollment (OE) included for general membership as well as for MEA.

- Membership telephone answered 17,588 phone calls with the average wait time of 96 seconds, an increase of over 21 seconds over 2001. Membership will surpass the total amount of calls received in 2001, which is 35,624.

- Serviced 7,991 HSS walk-ins and will surpass the 14,500 total number of lobby walk-ins in 2001.

City Health Plan Division

- Staffing consists of 9 Benefits Analysts and 6 Benefits Technicians.

- Lists notable City Health Plan accomplishments for the period December 2001 through June 2002. Receipt 218,144 new claims, which is an increase of 29,435 more claims received in 2001.

- As of June 2002, payment of claims is 137,091 with the average processing time of 22.52 days. Whereas the total payment in 2001 was 204,850.

- Answered 21,855 phone calls with an average wait time of 68 seconds, which is 33 seconds more than the response time in 2001. This will probably surpass the 39,514 total amount of calls made in 2001 by November.

- HIPAA Task Force formed.

- Established a dedicated Provider customer service phone line in April 1, 2002. This line is still operational in the mornings.

Finance/Accounting Division

- Finance/Accounting consists of 1 Principal Accountant, 1 Senior Accountant and 2 Accounting Clerks. One other Principal Accountant has been assigned to PeopleSoft Implementation Team.

- Lists notable Finance/Accounting Division accomplishments for the period for December 2001 through June 2002. Processed 760 vendor payments and have surpassed last year.

- Over 1,500 rates have been created for 2002-03.

- Created archival system for key reports.

- Prepared administrative budget for 2002-03.

PeopleSoft Implementation

- Includes assignment of 2 HSS staff members.

- All data transferred from the WANG to PS should be accurate.

Future Initiatives /Additional

- Includes implementation of Phase 1 HIPAA requirements-data transmission and data code requirements due in October 2002 and will be extended to October 2003 if necessary.

- Ms. Hudson thanked the Board for their assistance and support and a special thanks to the HSS staff, to Rebecca Saroyan for her assistance in explaining and solving complex policies and issues.

Board Comments

- Commissioner Breslin inquired if there is an RFP established for the Third Party Administrator and who it will be. Jeffrey Hildebrant stated that he is working with Towers Perrin and Rebecca Saroyon regarding a Third Party Administrator for the Claims division. Review of the RFP is almost complete and should be mailed to prospective vendors by July 29, 2002. A proposal meeting date will be selected and the vendors will have the opportunity to attend and ask questions regarding the RFP. A submission date for vendors to return the RFP to HSS is set for early September 2002.

- Yvonne Hudson assured the Board of successful and positive meet and confer meetings with the Claims staff regarding status of the temporary employees and the shifting of responsibilities in lieu of displacement of positions.

- Ms. Hudson also stated that HIPAA will only effect how communication is carried out with each other. The RFP for Third Party Administrator will include questions regarding HIPAA compliance. Assessments will be made regarding how to score the answers and the Board will be asked to assist in the development and the selection process of a panel. The Board confirmed their interest in participating in every level of the RFP review and panel selection.

- Dr. Welch recommended post workshop evaluations for the retirees and new hire workshops (Page 5 of the HSS Semi Annual Report) should be considered.

- Dr. Welch and the Board express thanks to Yvonne Hudson for a good report and complimented her for her

		perseverance and hard work. Commission Deignan Leaves/No Quorum President Zvanski stated that Commissioner Deignan had to leave the meeting. Public Comments: None
07112002-10	**Discussion** **Item**	**Reports on network and health plan issues (network and health plan representatives).** Beech Street, Amy Norland ♉ Amy Norland of Beech Street stated that the Chinese Community Hospital Healthcare Assoc. Group contract is now dissolved. ♉ Of the 143 total contracted providers, 116 are already have an individual contract. 27 are out of the contract and are presently being negotiated to return to Beech Street. Blue Shield, Linda Patron ♉ Linda Patron of Blue Shield announced that contract has been signed with John Muir and Mount Diablo and that Blue Shield has been awarded the CalPERS contract. Blue Shield will expand to rural areas (i.e. Humbolt County). ♉ CalPERS will operate out of the Eldorado Hills Office that is separate from the commercial unit that handles the City and County of San Francisco. Kaiser Permanente, Jane Fronk ♉ Jane Fronk of Kaiser stated for clarification, that Blue Shield is not the only HMO being offered to CalPERS. ♉ Medicare Plus Choice membership has been frozen and will not be available to new members in Redwood County. Hopefully, this will change by the next open enrollment plan year. Health Net of Joanne Haggerty ♉ Health Net is pulling out of nine rural counties (represents 20 of CHP providers). A letter of notification was sent to members and to the HSS staff announcing that as of January 1, 2003, Health Net will no longer offer its HMO and POS plans to the following counties are: Amador, Colusa, Glenn, Lassen, Mariposa, Mendocino, Plumas, Sierra, and Tehana. ♉ Mission Medical Group is no longer contracted with Health Net. Only 6 City Health Plan members were

		impacted and transferred to San Luis Obispo, IPA. Public Comments: Dennis Krueger of Fire Fighters Association, expressed concern and clarification regarding the infertility benefit. Discussion has been deferred for further discussion.
07112002-11	Discussion Item	**Opportunity to place items on future agendas** ♉ Infertility clarification ♉ PeopleSoft update ♉ UBH progress report ♉ Direct contracts Public Comments: None
07112002-12 Adjourn 3:40 PM	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments: None

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

DOCUMENTS DEPT.
AUG 7 2002
SAN FRANCISCO
PUBLIC LIBRARY

Special Meeting
Thursday, August 8, 2002
12:00 Noon

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

☐ **Call to Order**

☐ **Roll Call**

President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond
Commissioner Aleeta Van Runkle

☐ **08082002-01S** **Discussion Item** **Public comment on all matters pertaining to the closed sessions.**

Public Comments:

☐ **08082002-02S** **Action Item** **Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel** (San Francisco Administrative Code section 67.10(d)).

Staff Recommendation: Hold closed sessions

Public Comments:

Action:

CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(C) AND 54956.9(B)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D)

Closed Session I: Consideration of the following appeal pursuant to Section 12.200(5)

☐ **08082002-03S** **Action Item** **Appeal of requesting reinstatement of City Health Plan coverage for member only (HSS No. 27618).**

Staff Recommendation: Deny member's request for reinstatement.

RECONVENE IN OPEN SESSION

☐ **08082002-04S** **Action Item** **Possible report on action taken in closed session** (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2)).

		Action:
☐ 08082002-05S	Action Item	**Vote to elect whether to disclose any or all discussions held in closed session** (San Francisco Administrative Code section 67.12 (a)). Action:
☐ 08082002-06S	Discussion Item	**Opportunity to place items on future agendas.**
☐ 08082002-07S	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

Adjourn

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Department of Human Resources >> Meeting Information >> Health Service Board: Full Committee

Department of Human Resources

August 08, 2002 (Special)
span class="font"> HEALTH SERVICE BOARD

MINUTES

Special Meeting
Thursday, August 8, 2002
12:00 Noon

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

- Call to Order
- Roll Call President Claire Zvanski

Vice President Melissa Welch, MD, MPH, Excused
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond, Excused
Commissioner Aleeta Van Runkle

- 08082002-01S Discussion Item Public comment on all matters pertaining to the closed sessions.

Public Comments: None

- 08082002-02S Action Item Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel (San Francisco Administrative Code section 67.10(d)).

Staff Recommendation: Hold closed sessions
Public Comments: None
Action: Motion moved and seconded to hold closed session. Motion passed 4 to 0.
CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(C) AND 54956.9(B)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D)

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Staff Recommendation: Deny member's request for reinstatement.
RECONVENE IN OPEN SESSION

-

08082002-04S

Action Item

Possible report on action taken in closed session (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2)).
Action: Moved and seconded by the Board not to report.

▫ 08082002-05S Action Item Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.12 (a)).
Action: Moved and seconded by the Board not to report.
▫ 08082002-06S Discussion Item Opportunity to place items on future agendas.
Public Comments: None
▫ 08082002-07S Discussjon Item Opportunity for the public to comment on any matters within the Board's jurisdiction.
Public Comments: None

Adjourn 1:02 PM

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

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AUG 7 2002
SAN FRANCISCO
PUBLIC LIBRARY

Regular Meeting
Thursday August 8, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
08082002-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** ▪ **Regular Meeting of July 11, 2002** Staff Recommendation: Approve draft minutes Documents provided to Board prior to meeting: *Draft Minutes of Regular Meeting* Public Comments: Action:
08082002-02	**Discussion Item**	**Reports of Health Service System staff and legal Counsel regarding the following matters:** • **Administration** **-UBH Update (Jeff Hildebrant)** **-Update on Claims RFP (Jeff Hildebrant)** • **City Health Plan Group (Beaulah Smith)** Documents provided to Board prior to meeting: - *Claims Processing Status Report* Public Comments:

08082002-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month of June 2002.* Staff Recommendation: Accept report Public Comments: Action:
08082002-04	Discussion Item	**PeopleSoft Update (Ray Wong).** Documents provided to Board prior to meeting: *None* Public Comments:
08082002-05	Discussion Item	**HSS Finance Unit Work Plan Update (William Lee).** Documents provided to Board prior to meeting: *None* Public Comments:

CUSTOMER SERVICE TASK FORCE MATTERS

08082002-06	Discussion Item	**Report on activities of the Customer Service Task Force Carried over from July 11, 2002 meeting (Commissioner Van Runkle).** Documents provided to Board prior to meeting: *None* Public Comments:

END OF CUSTOMER SERVICE TASK FORCE MATTERS

08082002-07	Action Item	**Election of Health Service Board Officers (President and Vice President) for Fiscal Year 2002-2003.** Documents provided to Board prior to meeting: *None* Staff Recommendation: None Public Comments: Action:
08082002-08	Discussion & Possible Action Item	**Discussion Regarding Status of Direct Contracts with City Health Plan Providers (Rebecca Saroyan, Jeff Hildebrant).** Documents provided to Board prior to meeting: *None* Public Comments:
08082002-09	Discussion Item	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Documents provided to Board prior to meeting: *Medicare +Choice Enrollment Limits in Sonoma County* (Kaiser memo). Public Comments:

08082002-10	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
08082002-11 **Adjourn**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

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Department of Human Resources

August 08, 2002 (Regular Regular)

span class="font"> HEALTH SERVICE BOARD

MINUTES

Regular Meeting
Thursday August 8, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order 1:12 PM
Pledge of Allegiance
Roll Call President Claire Zvanski
Vice President Melissa Welch, MD, MPH, Excused
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond, Excused
Commissioner Aleeta Van Runkle

08082002-01 Action Item Approval (with possible modifications) of the minutes of the following meeting:

- Regular Meeting of July 11, 2002

Staff Recommendation: Approve draft minutes
Public Comments: None
Action: Moved and seconded by the Board to approve draft minutes with recommended amendments. Motion passed 4 to 0.

08082002-02
Discussion Item Reports of Health Service System staff and legal Counsel regarding the following matters:

Administration Update (Jeffrey Hildebrant)

United Behavior Health (UBH) Update

- The Board received an outline regarding "United Behavioral Health Update for the Period 06/17/02- 08/02/02." This document is attached as Schedule #1. The Commissioners agreed (June HSB meeting) to temporarily extend the current UBH contract through October. The status of process changes and ongoing Health Service System's concerns with UBH are listed in this report.
- The return of incorrect transmittals from UBH remains excessive (11-12) of target (2-3). Inefficiencies in the process has added 30 days to the claims' internal turnaround time of 18-19 days and results in a 2 month delay before the claims are paid. Mr. Hildebrant reported that last week, in order to speed up payment of claims, he personally re-priced 30 claims that were set up for payment at an incorrect percentage.
- All UBH claims are treated with priority. They are sent to the benefits analyst for processing immediately.
- There are many issues and concerns that are still outstanding and need to be

resolved.

□ Yvonne Hudson said that she is very concerned about the amount of time members are forced to wait before their mental health claims are paid and it is very important that the system limitation issue be resolved.

Sharon Fusco, UBH

□ Two reasons for incorrect transmittals were given by Ms. Fusco: (1) the need to create codes that will identify claims that are out of area and (2) recurring problem of instruction from the City to pay out of network providers at a higher benefit level. Intake counselors entered incorrect codes into the system that resulted in claims being incorrectly calculated at 85 percent. As of July 22, 2002, auditors are in place to find and pull these errors prior to processing.

□ UBH will add performance guarantees based on industry standards (i.e. procedural accuracy for incidents of errors and assign penalty).

□ UBH will train their employees to work more with the CCSF members by explaining 'corrective action' instead of telling them to call the City for claim status information.

□ Ms. Fusco is working with Jeffrey Hildebrant on enhancing the benefit with a web-based counseling and interaction program for Plan 1 members. Members will be able to go online for counseling and retrieve additional information regarding their benefit resources. Orientation dates on how to use the web site will be distributed as soon as they are available.

Board Comments

□ The Board was concerned about the amount of time spent by Jeffrey Hildebrant (approx. one hour a day) to correct UBH transmittals.

□ Sharon Fusco stated that the performance guarantee refers to the 95% incidence of errors and the standard 97% procedural accuracy. Discussions are ongoing regarding how to define the issues and administer penalty.

Update on Claims RFP (Jeffrey Hildebrant)

□ The HSB members received copies of the RFP for Third Party Administrator (TPA) for City Plan claims administration and submitted their feedback.

□ The RFP was mailed to 15 vendors on Monday, August 5, 2002 and the due date for return is September 13, 2002. A Pre-Proposal meeting is scheduled with Towers Perrin on Tuesday, August 20, 2002. The Board will be consulted regarding the development of a TPA Pre-selection Committee. The target date for selecting a vendor is by January 2003 and implementation date is set for January 2004. This date set is delayed until 2004 because HSS will need the time to adjust to the changes caused by the implementation People Soft in February 2003 and Open Enrollment (April 2003) preparations.

City Health Plan Group (Beaulah Smith)

□ Claims outstanding for week ending July 26, 2002, are 17,350, with average turn around time of 23.77 turn around days, and year to date turnaround time at 17.13. This report is attached as Schedule #2.

Public Comments: None

08082002-03 Action Item Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).

□ Roland Mittica of Towers Perrin, presented to the Board the year ending financial report for the month of June 30, 2002. This report is attached as Schedule #3. The Plan 1 net cash flow is a (positive) total of $212,000 because of the 3 pay periods in June (impact affects only active employees that are paid every 2 weeks).

□ The Summary of Plan 1 Trust Activity for Fiscal Year 2002 (7/1/01-6/30/02) is attached as Schedule #4. Towers Perrin reported that the spending remains within one standard deviation.

- This report has been corrected to include money ($100,000) for transgender benefits that was not included (last months financial report) in the Excel spreadsheet for the month ending in May 30, 2002 (Page 13).
- Mr. Mittica alerted the Board of the escalating medical costs and huge rates increases that are as high as 20 to 25%. CalPERS projected an increase of 25-26% in medical cost for January 2003.
- Express Scripts will be asked to provide the Board (per Commissioner Breslin's request) with a detailed year end financial report of pharmacy costs based on each unit, per member, and per employee.

Staff Recommendation: Accept report
Public Comments: None
Action: Moved and seconded by the Board to accept Towers Perrin's financial report. Motion passed 4 to 0.
08082002-04 Discussion Item PeopleSoft Update (Ray Wong)

- The Board received an updated report on the Benefits Administration and Financial System (BAFS) and a chart of all of the tasks involved in the CCSF development. This report is attached as Schedule #5.
- The implementation date (February 21, 2003) for the BAFS project (replacement of WANG MAS) is on schedule.
- PPSD estimated time for the completion of the "showstopper project" is September 2002.
- The design of the Financial Accounting function has become the first major step in the establishment of Best Practices. The Financial Accounting function team consists of William Lee, Stephen Lucich, Harold Guetersloh, Robert Won, Polly Kam, and Ray Wong.

Public Comments: None

08082002-05 Discussion Item HSS Finance Unit Work Plan Update (William Lee)

- The Board received the HSS Finance Unit Work Plan Update and a Preliminary Financial Statement of net assets available for health benefits for Fiscal Year ended on June 30, 2002 & June 30, 2001. These documents are attached as Schedule #6.
- Mr. Lee stated that he has not had the opportunity to synchronize his report with Towers Perrin. The numbers reflected in Preliminary Financial Statement are from FAMIS, which is the City's general ledger. The financial report from Towers Perrin should be on the claims activities and what HSS should be reporting is the overall health of the trust fund.
- Commissioner Zvanski expressed the importance of the synchronization of the financial reports from Towers Perrin and our reports prior to the start of the Rates and Benefits Committee meetings.
- Mr. Lee confirmed to Rebecca Saroyan and the Board that the Preliminary Financial Statement is in a format that is approved by the KPMG auditors and is consistent with the initial Financial Reporting methodology.
- Yvonne Hudson stated that she will meet with the KPMG auditors on August 18-20, 2002 to discuss outstanding issues regarding the last HSS Finance Unit Work Plan Update report and to verify accomplishments of the Health Service System.

Public Comments: None

CUSTOMER SERVICE TASK FORCE MATTERS
08082002-06 Discussion Item Report on activities of the Customer Service Task Force Carried over from July 11, 2002 meeting (Commissioner Van Runkle).

- Customer Service Task Force members that planned to appear as speakers at various budget hearings met on Monday, June 17, 2002. The purpose of the meeting was to discuss the state of the budget and the best way to present the information and get results. Commissioner Van Runkle stated that she was pleased to hear that the Health Service System funds were not cut.
- The September Customer Service Task Force meeting will focus on the Health Service System's telephone issue.

Public Comments: None
END OF CUSTOMER SERVICE TASK FORCE MATTERS
08082002-07 Action Item Election of Health Service Board Officers (President and Vice President) for Fiscal Year 2002-2003.

- President Zvanski announced that Vice President Welch is absent because of illness.
- President Zvanski announced that the expiration of term in office for the President and Vice President is 1 year and it is now time for the Health Service Board to elect a President and Vice President for Fiscal Year 2002-2003.
- Commissioner Deignan moved for status quo and Commissioner Breslin second the re-election. The Board agreed that they are very pleased with the performances of President Zvanski and Vice President Welch.

Staff Recommendation: None
Public Comments: None
Action: Motion was moved and seconded by the Board to continue the status quo with the present officers for another term. Motion passed 4 to 0.
08082002-08 Discussion & Possible Action Item Discussion Regarding Status of Direct Contracts with City Health Plan Providers (Rebecca Saroyan, Jeff Hildebrant).

- Rebecca Saroyan stated that the list of facilities with direct contracts with the City are historical and represent the time when the City tried to build up its own list of PPO network with local hospitals that employees to use in the CHP. The Board was presented with details regarding these facilities and it is attached as Schedule #7. Jeffrey Hildebrant stated that all of the hospitals listed also have contracts with Beech Street. The last time that many of the contracts were reviewed or amended was in early 1990's.
- The list of "Claims Paid (7/01-6/02)" represents line items, not the number of people that have applied for a claim.
- The attachment lists the advantages and disadvantages of terminating all individual contracts.

Board Comments

- Amy Norland announced that Beech Street is willing to continue a contract on the behalf of the CCSF and act as a third party administrator with any hospital that requires a special rate and/or different rates for the City & County of San Francisco (i.e. San Francisco General). Beech Street offers this service to CCSF only and not to other employer groups. President Zvanski and the Board agreed that General Hospital should be informed of this service.
- Rebecca Saroyan stated that the Board will receive a report at the next meeting that will give an accurate account of the claims cost for each of the listed hospitals. The report will identify the amount of money involved (i.e. charges, money paid out & savings) in each claims transaction.

Public Comments: None
08082002-09 Discussion Item Reports on Network and Health Plan issues (Network and Health Plan representatives).
Kaiser, Jane Fronk

- The Board received a Kaiser memorandum update dated, August 8, 2002, regarding Medicare +Choice Enrollment Limits in Sonoma County. This is attached as Schedule #8.
- The following clarifications was made: (1) a current Senior Advantage (Medicare Plus Choice name for the Kaiser plan) member who marries and the spouse is not insured, may enroll his/her spouse under the Kaiser plan in Sonoma County. (2) A Senior Advantage member who moves to Sonoma County from another county is covered by the Kaiser plan. This will continue until January 1, 2002, then Kaiser will re-evaluate and expand access capabilities.
- The Board received a Kaiser Permanente memo that clarified the mission, definition and guidelines by which Kaiser physicians determine the need for Advanced Reproductive Therapy (ART) which includes IVF, GIFT & ZIFT. This memo, "Infertility Definition for Kaiser Permanente," is attached as Schedule #9. Privileged &

Copyrighted excerpts from The Permanente Medical Group (TPMG) clinical practices guidelines are included in this document.

Delta Dental, Rhett Davis

- Strike between Delta Dental and Local Union No. 856 is ongoing and negotiations are pending. Customer Service phone lines are closed down. Mr. Davis promised to keep the Board posted of events.

EBS, Kevin Hedges

- Mr. Hedges introduced himself as the new representative from EBS and that he will be attending the Health Service Board meetings in lieu of Joan Rhodes.

Beech Street, Amy Norland

- Contract negotiations are ongoing to replace American Life Care Network in Louisiana with Beech Street's Best Care Network.
- Negotiations are ongoing to replace American Life Network in Arkansas with AMCO.
- Negotiations are ongoing to offer Best Care Network in Mississippi (Buloxi area).

Public Comments: None

08082002-10 Discussion Item Opportunity to place items on future agendas.

- Year-end Pharmacy Activity (Express Script)
- Direct Contracts

Public Comments: None

08082002-11

Adjourn

Discussion Item Opportunity for the public to comment on any matters within the Board's jurisdiction.
Public Comments: None
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HEALTH SERVICE BOARD

NOTICE AND AGENDA

Special Meeting
Thursday, September 12, 2002
12:00 Noon

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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☐ **Call to Order**

☐ **Roll Call**

President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond
Commissioner Aleeta Van Runkle

☐ **09122002-01S** **Discussion Item** **Public comment on all matters pertaining to the closed sessions.**

Public Comments:

☐ **09122002-02S** **Action Item** **Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel** (San Francisco Administrative Code section 67.10(d)).

Staff Recommendation: Hold closed sessions

Public Comments:

Action:

CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(C) AND 54956.9(B)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D)

Closed Session I: Consideration of the following appeal pursuant to Section 12.200(5)

☐ **09122002-03S** **Action Item** **Appeal of request to delete (2) daughters from Kaiser medical coverage (HSS No. 88779).**

Staff Recommendation: Deny member's request.

RECONVENE IN OPEN SESSION

☐ **09122002-04S** **Action Item** **Possible report on action taken in closed session** (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2)).

		Action:
☐ 09122002-05S	Action Item	**Vote to elect whether to disclose any or all discussions held in closed session** (San Francisco Administrative Code section 67.12 (a)). Action:
☐ 09122002-06S	Discussion Item	**Opportunity to place items on future agendas.**
☐ 09122002-07S	Discussion Item	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

Adjourn

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Department of Human Resources >> Meeting Information >> Health Service Board: Full Committee

Department of Human Resources

September 12, 2002 (Special)

span class="font"> HEALTH SERVICE BOARD

MINUTES

Special Meeting
Thursday, September 12, 2002
12:00 Noon

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

□ Call to Order 12:00 Noon
□ Roll Call President Claire Zvanski
Vice President Melissa Welch, MD, MPH, Excused
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond, Excused
Commissioner Aleeta Van Runkle
□ 09122002-01S Discussion Item Public comment on all matters pertaining to the closed sessions.
Public Comments: None
□ 09122002-02S Action Item Vote on whether to hold closed sessions to hear appeals and to confer with legal counsel (San Francisco Administrative Code section 67.10(d)).
Staff Recommendation: Hold closed sessions
Public Comments: None
Action: Motion was moved and seconded by the Board to hold closed session. Motion passed 4 to 0.
CLOSED SESSIONS PURSUANT TO ARTICLE I, SECTION 1 OF THE CALIFORNIA CONSTITUTION AND PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(C) AND 54956.9(B)(3) AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D)

Closed Session I: Consideration of the following appeal pursuant to Section 12.200(5)
□ 09122002-03S Action Item Appeal of request to delete (2) daughters from Kaiser medical coverage (HSS No. 88779).
Staff Recommendation: Deny member's request.
Action: Moved and seconded by the Board not to disclose. Motion passed 4 to 0.

RECONVENE IN OPEN SESSION
□ 09122002-04S Action Item Possible report on action taken in closed session (Government Code section 54957.1(a)(2) and San Francisco Administrative Code section 67.12(b)(2)).
Action: Moved and seconded by the Board not to report. Motion passed 4 to 0.
□ 09122002-05S Action Item Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.12 (a)).
Action: Moved and seconded by the Board not to report. Motion passed 4 to 0.

- 09122002-06S Discussion Item Opportunity to place items on future agendas.
- 09122002-07S Discussion Item Opportunity for the public to comment on any matters within the Board's jurisdiction.

Public Comments: None

Adjourn 12:20 PM

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/12/02

HEALTH SERVICE BOARD

NOTICE AND AGENDA

Regular Meeting
Thursday September 12, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH, Excused Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
09122002-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** ▪ **Regular Meeting of August 8, 2002** Staff Recommendation: Approve draft minutes Public Comments: None Action:
09122002-02	**Discussion Item**	**Reports of Health Service System staff and Legal Counsel regarding the following matters:** ▪ **Administration** **-Update on Claims RFP (Jeffrey Hildebrant)** ▪ **Membership (Deborah McGuire)** ▪ **City Health Plan Group (Beaulah Smith)** Documents provided to Board prior to meeting: *- Claims Processing Status Report* Public Comments:

09122002-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month of July 2002 and August 2002.* Staff Recommendation: Accept report Public Comments: Action:
09122002-04	Discussion Item	**HSS Finance Unit Work Plan Update (William Lee).** Documents provided to Board prior to meeting: *Health Service System Finance Unit Work Plan Update* Public Comments:
09122002-05	Action Item	**Final Decision Regarding Continuation of UBH Contract (Jeff Hildebrant).** Documents provided to Board prior to meeting: *None* Staff Recommendation: Continue contract with UBH for remainder of 2002-2003 Plan Year. Public Comments: Action:
09122002-06	Discussion Item	**Year-End Report of Pharmacy Activity – Express Scripts (Lael Byrne).** Documents provided to Board prior to meeting: *Prescription Drug Plan Annual Report* Public Comments:
09122002-07	Discussion Item	**Appointment of Committee Chairs.** ▪ **Rates and Benefits Committee** ▪ **Finance and Budget Committee** Documents provided to Board prior to meeting: *None* Public Comments:
09122002-08	Discussion & Possible Action Item	**Discussion Regarding Status of Direct Contracts with City Health Plan Providers (Rebecca Saroyan, Jeff Hildebrant).** Documents provided to Board prior to meeting: *None* Staff Recommendation: Discontinue use of direct contracts with City Health Plan Providers; Use Beech Street Agreements Public Comments:
09122002-09	Discussion Item	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Public Comments:

09122002-10	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
09122002-11 **Adjourn**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

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- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting. The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call Arnetta Brown at 554-1727.

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Department of Human Resources

September 12, 2002 (Regular Regular)

span class="font"> HEALTH SERVICE BOARD

MINUTES

Regular Meeting
Thursday September 12, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order- 1:03 PM
Pledge of Allegiance
Roll Call President Claire Zvanski
Vice President Melissa Welch, MD, MPH, Excused
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond (Arrived @ approx. 2:15 PM)
Commissioner Aleeta Van Runkle

09122002-01 Action Item Approval (with possible modifications) of the minutes of the following meeting:
- ☐ Special Meeting of August 8, 2002
- ☐ Regular Meeting of August 8, 2002

Staff Recommendation: Approve draft minutes
Public Comments: None
Action: Motion was moved and seconded by the Board to approve the minutes of the Special Meeting of August 8, 2002. Motion passed 4 to 0.
Motion was moved and seconded by the Board to approve the minutes of the Regular Meeting of August 8, 2002 with amendments. Motion passed 4 to 0.

09122002-02
Discussion Item Reports of Health Service System staff and Legal Counsel regarding the following matters:

Administration
Update on Claims RFP (Jeffrey Hildebrant)
- ☐ RFP was mailed out to the vendors in early part of August and are due on Friday, September 13, 2002. Depending on the number of responses (6 or more), the Board can determine their level of involvement in the selection process.

City Health Plan Group (Beaulah Smith)
- ☐ Claims Processing Status Report was distributed to the Board and is attached as Schedule #1.The report for the week ending August 30, 2002 is:

- claims outstanding is 20,606
- working days outstanding is 24.53
- claim turnaround time YTD is 15.41

Public Comments: None
09122002-03 Action Item Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.
Mike Kramer presented the following documents to the Board:
▫ Draft financial reports for the month of July 2002, attached as Schedule #2 and for the month of August, attached as Schedule #3.
Staff Recommendation: Accept report
Public Comments: None
Action: Moved and seconded by the Board to accept the Towers Perrin financial reports. Motion was approved 4 to 0.
09122002-04 Discussion Item HSS Finance Unit Work Plan Update (William Lee).
▫ The Health Service System Finance Unit Work Plan Update was provided to Board prior to meeting. This report is attached as Schedule #4. Attached to this report are the:

- Draft Statement of Net Assets, FY Ended June 30, 2002.
- Draft Statement of Changes in Net Assets, FY Ended June 30, 2002.
- Chart of Gain/(Loss) by the following Sub fund of the HSS Trust Fund for FY Ended June 30, 2002:

1) Non Charter Benefit (NCB)
2) Medical Benefit Fund (MBF)
3) Interest (RES)
4) Transgender Benefit (TGR)
5) Dental Benefit Fund (NBF)

▫ The KPMG field representatives began their test work with the preliminary work focused on the high-level reconciliation of initial financial statements with the City's general ledger (FAMIS). This testing started during the week of September 3, 2002 and will conclude between September 16-October 4, 2002.
▫ The starting balances of the trust fund has been solidified and have resulted in the increasing of the preliminary operating year gain of $7.43 million, a variance of $2.97 million in unearned contributions, and $1.1 million variance of the non-charter benefit expenses.
Promotion to Emergency Communications Dept.
▫ Yvonne Hudson announced that William Lee will leave the Department of Human Resources at the first week of October to become the Deputy Director of Administrative Services for the Emergency Communications Department (911). Ms. Hudson and the Board extended their congratulations to Mr. Lee and praised him for his excellent work and accomplishments in such a short time.
▫ The Health Service System staff is meeting regularly to discuss expectations and the development of work plans during this transition period. Job announcement for a DHR Finance Administrator is currently posted.
▫ Mr. Lee thanked the Board and stated that he enjoyed appearing before the commissioners as well as working with Ms. Hudson. He will continue to work with her and lay out a transition plan during the next couple of weeks so that the transition after his departure will be a smooth one.
Public Comments: None

09122002-05 Action Item Final Decision Regarding Continuation of UBH Contract (Jeff Hildebrant).
▫ Jeffrey Hildebrant announced that the services provided by UBH have improved significantly since the last Board meeting. The City Health Plan treats all claims from UBH with priority. As a result the turnaround time for processing claims is reduced to 10-12 days from the time that they are received.
▫ Mr. Hildebrant recommended that the Board continue the contract with UBH

for the remainder of Fiscal Year 2002-2003.

□ Sharon Fusco agreed with the recommendation to continue UBH contract and stated that she felt confident about the steps taken by UBH to solve issues and complaints. All claims from CHP are treated with priority. Ms. Fusco introduced Ms. Kristy Kanata, a new UBH Accounts Administrator who will be working with Mr. Hildebrant and the City Health Plan Group.

□ President Zvanski stated that for clarification the UBH contract will be continued provided that UBH maintain the standard of service and performance guarantee as agreed.

Staff Recommendation: Continue contract with UBH for remainder of 2002-2003 Plan Year.

Public Comments: None

Action: Moved and seconded by the Board to continue the UBH contract for the remainder of 2002-2003 Plan Year provided the standard of services and performance guarantee agreements are maintained. Motion passed 4 to 0.

09122002-06 Discussion Item Year-End Report of Pharmacy Activity - Express Scripts

Roland Mittica of Towers Perrin

□ The Board received from Towers Perrin a report titled: Health Service System PPO and RX Report. This document is attached as Schedule #5. The primary purpose of this report is to clarify questions presented by the Board regarding PPO and drug utilization. The presentation included information regarding:

- PPO Usage-Year Ending 6/02
- Comment on Results
- Prescription Drugs
- Cost per Script
- Generic Use
- Brand Drugs

- Cost details for HSS Plan 1-Excluding Drugs from July 1, 2001 through June 30, 2002 for: actives, retirees with and without Medicare, adult dependents with and without Medicare.

- Cost details for the City and County of San Francisco for Plan 1-Historical PPO Utilization. PPO utilization of membership is as follows:

□ Active employees have the highest PPO utilization of 90%.

□ Retirees with no Medicare have 87% and retirees with Medicare have 77% PPO utilization.

□ Adult dependents with no Medicare have 88%

□ Minor dependents (active and retirees) are 78%. Minor dependents are lower because of dual coverage. In the case of dual coverage (both parents provides insurance), it is standard procedure for primary and secondary coverage to be determined by the birthday. The insurance of the parent who has a birthday first is considered primary coverage and the insurance of the latter one is secondary coverage (i.e. insurance of spouse born in January is primary while the insurance of the spouse born in February is secondary). This is a uniform set of coordination of the benefits that is accepted and used by the medical industry in the United States.

- Cost details for HSS Plan 1-Excluding Drugs from July 1, 2001 through June 30, 2002 for Medicare retirees and dependents, COBRA and for all other members.

Lael Byrnes, Express Scripts

□ The Board received a binder from Express Scripts (Charting the Future of Pharmacy), dated September 12, 2002, titled San Francisco Health Service System Fund/Prescription Drug Cost Overview 7/1/01 through 6/30/02. This document is attached as Schedule #6. Three subjects covered in this report are:

Cost Reports

□ Includes San Francisco Health Service System fund rebates for July 1, 2001-June 30, 2002.

▫ Key statistics and totals are given regarding the top 50 drugs, top 25 indications, and top therapeutic classes. This information is regarding the San Francisco Health Service System Fund members (actives, retirees age 65+, retirees and dependents, and retirees under 65).

Observations

▫ More utilizers are using more expensive drugs (aging actives and active members)

▫ In the generic landscape, Prozac is no longer on the top 50 drug list and is listed as one of the drugs that is losing their patents (last year it was #6 on the top 50 list). Zestril (for high blood pressure) went generic in 7/1/02. Claritin is expected to go over the counter at the end of 2002 or early 2003.

Comparative Data

▫ Gives statistics of Express Scripts National Employer Division Book of Business

Public Comments: None

09122002-07 Discussion Item Appointment of Committee Chairs.

Rates and Benefits Committee

▫ President Zvanski stated that Dr. Welch did not wish to continue to serve as Chairperson to the Rates & Benefits Committee.

▫ Commissioner James Deignan accepted the Board's appointment as the new Chairman of the Rates and Benefits Committee.

Finance and Budget Committee

▫ President Zvanski announced that Commissioner Scott Heldfond accepted the Boards selection as the new Chairman for the Finance & Budget Committee.

▫ President Zvanski announced that there would be more discussions before selection of the members of the Finance and Budget Committee.

▫ Yvonne Hudson stated that in reference to the Rates and Benefits Committee timeline, the Board of Supervisors (BOS) would like to have the rates completed by March 1, 2003. The rates must be completed by the end of January in order to get on the Board of Supervisor's agenda in February.

Public Comments: None

09122002-08 Discussion & Possible Action Item Discussion Regarding Status of Direct Contracts with City Health Plan Providers (Rebecca Saroyan, Jeff Hildebrant).

Deferred to next Board meeting.

Staff Recommendation: Discontinue use of direct contracts with City Health Plan Providers; Use Beech Street Agreements

Public Comments: None

09122002-09 Discussion Item Reports on Network and Health Plan issues (Network and Health Plan representatives).

Network and health plan representatives gave no reports.

Public Comments: None

09122002-10 Discussion Item Opportunity to place items on future agendas.

▫ Customer Service Task Force

▫ Employee Foundation Benefits Plan Conference Update (Toronto, Ontario)

Public Comments: None

09122002-11

Adjourn 2:55 PM

Discussion Item Opportunity for the public to comment on any matters within the Board's jurisdiction.

Public Comments:

□ Ray Mason, President of the Retirees Association, expressed concern regarding the customer service crisis at the Health Service System.

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

Regular Meeting
Thursday October 10, 2002
1:00 PM

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City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
10102002-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** ▪ **Regular Meeting of September 12, 2002** ▪ **Special Meeting of September 12, 2002** Staff Recommendation: Approve draft minutes Documents provided to Board prior to meeting: *Draft Minutes of Regular Meeting.* Public Comments: Action:
10102002-02	**Discussion Item**	**Reports of Health Service System staff and legal Counsel regarding the following matters:** ▪ **Administration** **-Update on Claims RFP (Jeff Hildebrant)** ▪ **Membership Group (Diana Ferrari)** ▪ **City Health Plan Group (Beaulah Smith)** ▪ **Finance Group (Yvonne Hudson)** Documents provided to Board prior to meeting: - *Claims Processing Status Report* Public Comments:

10102002-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month of September 2002.* Staff Recommendation: Accept report Public Comments: Action:
10102002-04	**Discussion Item**	**PeopleSoft Update (Ray Wong).** Documents provided to Board prior to meeting: *Benefits Administration and Financial System (BAFS).* Public Comments:
10102002-05	**Discussion Item**	**HSS Finance Unit Work Plan Update (Ted Yamasaki).** Documents provided to Board prior to meeting: *None* Public Comments:
		CUSTOMER SERVICE TASK FORCE MATTERS
10102002-06	**Discussion Item**	**Report on activities of the Customer Service Task Force (Commissioner Van Runkle).** Documents provided to Board prior to meeting: *None* Public Comments:
		END OF CUSTOMER SERVICE TASK FORCE MATTERS
10102002-07	**Discussion & Possible Action Item**	**Discussion Regarding Status of Direct Contracts with City Health Plan Providers – carried over from September 12, 2002 meeting (Rebecca Saroyan and Jeff Hildebrant).** Staff Recommendation: Discontinue use of direct contracts with City Health Plan Providers; Use Beech Street Agreements Documents provided to Board prior to meeting: *None.* Public Comments:
		RATES AND BENEFITS MATTERS
10102002-08	**Discussion Item**	**Discussion Regarding Schedule for 2003-04 Rates and Benefits Meetings (Commissioner Deignan).** Documents provided to Board prior to meeting: *None.* Public Comments:
		END OF RATES AND BENEFITS MATTERS
10102002-09	**Discussion Item**	**Report on IFEBP Conference in Toronto, Canada (Commissioner Zvanski and Commissioner Breslin).** Documents provided to Board prior to meeting: *None.* Public Comments:

10102002-10	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Documents provided to Board prior to meeting: *None.* Public Comments:
10102002-11	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
10102002-12 **Adjourn**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

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SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices is prohibited at Health Service Board meetings and its' committee meetings.
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.

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Department of Human Resources >> Meeting Information >> Health Service Board: Full Committee

Department of Human Resources

October 10, 2002

Health Services Board
Minutes

Regular Meeting
Thursday October 10, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order 1:04 PM		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH, *excused* Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond, *excused* Commissioner Aleeta Van Runkle	
10102002-01	**Action Item**	Approval (with possible modifications) of the minutes of the following meeting: ▪ Regular Meeting of September 12, 2002 ▪ Special Meeting of September 12, 2002 Staff Recommendation: Approve draft minutes Public Comments: None Action: Moved and seconded by the Board to approve the Regular and Special Meeting minutes of September 12, 2002. Motion passed 4 to 0.
10102002-02	**Discussion Item**	**Reports of Health Service System staff and legal Counsel regarding the following matters:** **HSS Administration** Membership Group, Diana Ferrari, Manager • In an effort to reduce costs of approximately $6 million per year, the Board requested that members who are over the age of 65 years and are eligible for both parts of Medicare be contacted and reminded that they are required to enroll in both parts of Medicare. • Members that have not enrolled in Medicare will receive a letter that will advise them that

they need to apply during Social Security's upcoming Open Enrollment in January through March of next year (2003).

- If members fail to enroll in Medicare they will be forced to enroll in the City Health Plan (CHP) effective July 1, 2003 and their claims would be paid as if they had both parts of Medicare. This will cause the member to experience a greater out-of-pocket cost.
- Wang is *not* currently equipped to process claims in this matter and to rectify this problem will cost an unspecified amount of money that could exceed the DTIS budget for next year. Request to discuss the cost of modifying the program and other alternatives is included in the agenda for the next HSB meeting.

Update on Claims RFP, Jeff Hildebrant, HSS, Assistant Deputy Director

- The response to the City Health Plan's RFP for a Third Party Administrator was great, fourteen (14) proposals were received. Review and scoring of each proposal has already begun by a Health Service System Review Committee that consists of Yvonne Hudson, Jeffrey Hildebrant, Beaulah Smith (CHP Manager), and Antoinette Candelaria (CHP Supervisor). A list of qualifying finalists should be developed by the first week in November. The RFP is large (43 pages) and review of each of the 14 proposals received is time consuming.
- The Board will receive the list of the RFP finalists and interested members will participate in the selection process.
- Implementation of the Claims RFP is scheduled for January 2004.

City Health Plan Group, Beaulah Smith, Manager

- The Board received the Medical Claims Activity Report, attached as **Schedule #1**. Ms. Smith stated that the report is status quo and remains in good shape. The statistics for the week ending 9/27/02 are:
    - 20,321 claims outstanding
    - 23.20 average working days outstanding
    - 15.80 claim turnaround time year to date

Finance Group, Yvonne Hudson, HSS, Deputy Director

- Bob Hencier, HSS Finance Manager, is out on leave until October 28, 2002.
- Meeting regarding implementation of a transition plan was held with Will Lee and the HSS Finance staff before his October 1st departure to his new position. Details outlining maintenance of financial reports/statements per the requirement of KPMG auditors were specified. Karen Chan, Financial Principle Analyst, will head the financial team during Mr. Hencier's absence.

		• Work flows for all of the major Finance Division tasks and the narrative statements are complete. • Cross training for the Finance staff is scheduled to be complete during the week of October 21, 2003. • KPMG auditors performed test work from September 16, 2002 through October 4, 2002. They completed their work ahead of schedule and are now in the process of finalizing the financial statements and securing the Controller's approval for publication. Target date for completion of this process is November. KPMG is scheduled to appear before the Health Service Board on November 14, 2002 with the financial statements and the new Management Letter. • Following adjustments to the FAMIS system, financial statement reports for July, August, and September will be presented to the Board in November. • Due to the annual updated IBNR (incurred but not reported) report by Towers Perrin in September, the net assets of the trust fund decreased from $7,426,194 (as reported in Will Lee's last financial report) to $3,608,667. The overall current balance of the trust fund is $38,377,031. • Mike Kramer of Towers Perrin explained that the reason for the different balances in the financial statements in Will Lee's last report, presented at the HSB September meeting (Schedule #4) is because KPMG auditors used last year's IBNR report. Towers Perrin's annual update of the IBNR report was issued in September 2002. • IBNR increase of $4 million dollars is contributed to two factors: 1. Increase of claims volume 2. Increase of claims pending Public Comments: • Jean Thompson, Retirees Association, expressed concern regarding the increase in claims pending.
10102002-03	**Action Item**	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin.** **Presentation by Mike Kramer, Consultant** • Mike Kramer of Towers Perrin presented the financial report for September 2002, attached as **Schedule #2.** The report showed that September was a "break even" month. • Mr. Kramer expressed gratitude for

		the assistance given by William Lee that helped Towers Perrin to feel more confident with the HSS financial reports. • A report prepared by Towers Perrin appeared in the Wall Street Journal regarding: - The increase of health plan costs nationwide. - The increase in claims that has contributed to renewals for clients in 2003 as being the worst in ten years. Staff Recommendation: Accept report Public Comments: None Action: Motion moved and seconded by the Board to accept the financial report of Towers Perrin. Motion passed 4 to 0.
10102002-04	**Discussion Item**	**PeopleSoft** Presentation by Ray Wong, DHR, Deputy Director Information Services Division • Documents provided to Board prior to meeting: Benefits Administration and Financial System (BAFS). This document is attached as **Schedule #3**. • The HSS staff will be engaged in the systems and functional testing of the membership functionality starting in mid-November. Temporary staff has been hired to replace HSS staff while they are in training (rotate 4 hours a day @ 44 Gough Street). • Design and specification definition of the Financial Accounting (MAS) function is ahead of schedule. Public Comments: None
10102002-05	**Discussion Item**	**HSS Finance Unit Work Plan Update** Presentation by Ted Yamasak, Deputy Director DHR Administration • Will Lee's last day with DHR (accepted promotion as the new Deputy Director for 911) was last Wednesday, October 2, 2002. Mr. Lee completed all of the project documentation that identifies the audit process as well as the financial reporting process for the HSS Division. All of the processes are created electronically and are available in printed versions. Mr. Lee was highly commended for the completion of these processes that assured minimum impact upon his departure and a smooth transition in the HSS/DHR Finance Division. • Mr. Lee's position was posted and a selection

		panel has completed interviews from a large pool of qualified applicants. A selection was made and Mr. Yamasaki extended the job offer this morning. The offer was accepted, however, the identity of the finalist will remain anonymous until appointment papers are signed and completed. Negotiations are currently on going to have the new DHR, Finance Manager began work prior to the start date (second week of November). Mr. Yamasaki promised the Board that he will identify the new Finance Manager at the next HSB meeting. • Mr. Yamasaki reported that Andrea Gourdine requested that the priorities of the new Finance Manager are (1) continue work with the Health Service System financial reporting and (2) assistance with the development of the department's budget. • Mr. Yamasaki committed to give the Board a copy of the HSS budget report. Public Comments: None
CUSTOMER SERVICE TASK FORCE MATTERS		
10102002-06	**Discussion Item**	**Report on activities of the Customer Service Task Force (Commissioner Van Runkle)** • Commissioner Van Runkle reported that the Customer Service Task Force met on September 25, 2002 and the agenda consisted of the following subjects: - Use of social security numbers as member ID - HSS telephone service • Distinct law exempts local entities from the prohibition on the use of a social security number as a member's identification. • Rebecca Saroyan stated that the Health Service System may use the social security number internally, but all other third parties are not allowed to use social security numbers. • Yvonne Hudson stated that with the exception of the City Health Plan, after the implementation of People Soft, the continuance of the HSS number will be discontinued. Ms. Hudson said that Ray Wong confirmed that the HSS numbers would not be created by People Soft. This will cause a huge change with the HSS

		filing system, as member files are created and identified by a HSS number. • The Board decided that Ray Wong should be invited back to explain why People Soft cannot continue use of the HSS identification number. • Jane Fronk of Kaiser clarified that the social security number can be used in internal transmissions (i.e. from HSS), but there are regulations and restrictions regarding the publishing and printing of the social security number externally or using them as identifiers. • Ongoing limitation of HSS customer service and the telephone service of only 2 hours and 2 days a week. Members expressed importance of the Board keeping track of this situation and the serious impact that it has on members. Discussion also included the update of the HSS web site and how members can go online and access important forms and plan booklets. • Yvonne Hudson assured the Board that Muni did not have any significant information or material to offer in regards to enhancing telephone and customer service. Public Comments: None
END OF CUSTOMER SERVICE TASK FORCE MATTERS		
10102002-07	**Discussion & Possible Action Item**	**Discussion Regarding Status of Direct Contracts with City Health Plan Providers – carried over from September 12, 2002 meeting (Rebecca Saroyan and Jeff Hildebrant).** Staff Recommendation: Discontinue use of direct contracts with City Health Plan Providers; Use Beech Street Agreements • Yvonne Hudson, Jeffrey Hildebrant, Beaulah Smith and Rebecca Saroyan met with Towers Perrin two weeks ago to discuss the financial impact of moving away from direct contracts. A decision was made to revise original request to convert all the direct contracts to Beech Street because of the financial impact and the pending claims administration RFP. • The staff recommendation to discontinue use of direct contracts

		with City Health Plan Providers has changed and the recommendation to the Board is to continue with the current direct contracts that are in place. Public Comments: None
RATES AND BENEFITS MATTERS		
10102002-08	**Discussion Item**	**Discussion Regarding Schedule for 2003-04 Rates and Benefits Meetings (Commissioner Deignan).** • The next Rates and Benefits Committee meeting is scheduled for Tuesday, October 22, 2002, at 9 AM, in Hearing Room 416. The following information regarding the Rates and Benefits Committee was distributed to the Board and to the public: 1. Schedule of the Rates and Benefits Committee for FY 2003-2004. This is attached as **Schedule #4**. 2. Agenda for the Rates and Benefits Committee meeting scheduled for October 22, 2002. This document is attached as **Schedule #5**. • Commission Deignan (Chair of the Rates and Benefits Committee) stated that everyone and groups (i.e. members, local unions, and retirees) that are affected by the City Health Plan should try to attend these meetings. • Yvonne Hudson stated that the Board of Supervisors must approve the rates by March 1, 2003. Therefore, it is required that all legislation be submitted to the BOS Finance & Budget Committee (several days) prior to March 1st meeting of the Board of Supervisors. Therefore, the rates must be completed by the HSB by February 2003. Public Comments: Jean Thomas of the Retirees' Association was concerned of notification to members regarding the Rates & Benefits Committee schedule.
END OF RATES AND BENEFITS MATTERS		
10102002-09	**Discussion Item**	**Report on IFEBP Conference in Toronto, Canada (Commissioner Zvanski and Commissioner Breslin).** • California's health care plan is considered as a "role model" by other cities. • Health care crisis and inflation has increased cost as high as 20 to 25%. • Examples of some of the benefits that are provided in California health plans, but are not offered in other cities are: vision, full dental coverage, hearing aid, and domestic partner benefits. • Increased use of technology and improving services for disease management and total wellness are considered big issues.

		Public Comments: None

10102002-10	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).**
		Joanne Haggerty of Health Net
		- Health Net will be leaving the San Luis Obispo area in July 2003. City Health Plan members will not be impacted by this move.
		- Health Net tracking is done primarily through internet, mail, health lines (telephone) and through the CCSF mail (payroll) stuffers.
		Linda Patron of Blue Shield of California
		- San Jose Medical Center is experiencing financial difficulties and are currently discussing their situation with the Department of Managed Health Care.
		- Ms. Patron will continue to keep the Board updated with the Blue Shield Wellness program during the renewal process.
		Jane Fronk of Kaiser Permanente
		- Ms. Fronk was happy to announce to the Board that:
		  - Kaiser's diabetic management program is rated as one of the best in the country.
		  - A recent newspaper article stated that a person has a 30% greater chance of surviving a heart attack if Kaiser treats them. The American Heart Association for their heart treatment recognized Kaiser.
		- The San Rafael Medical Group closed after seventy years of operation. Four of the six physicians and all of the nurse practitioners that worked in an office building located at 5th Avenue, in San Rafael, joined Kaiser Permanente. Therefore, Kaiser will continue to operate at that location.
		- Kaiser is expanding their physician base in Sonoma and will continue to place a cap on new enrollments through Medicare through the first quarter of January 2003.
		- Life Guard has closed their facilities in the South Bay.
		Rhett Davis of Delta Dental
		- With the assistance of Rebecca Saroyan and Yvonne Hudson the problem of the Delta Dental plan not recognizing retirees located outside of the state of California and not paying the PPO discounts on their claims has been resolved. 1,289 records were reexamined and resulted in 87 supplemental payments and 248 refunds. The project was completed by September 17, 2002. Some of the retirees outside the state of California received refund payments and supplemental payments.
		Lael Byrnes of Express Scripts

		- Ms. Byrnes promised to present at future Rates and Benefits Committee meetings additional information regarding the various managed health care and pharmaceutical programs that are available through Express Scripts. The Committee was told that Express Scripts is the largest pharmacy benefit manager in the country that is not owned, operated, or affiliated in any way with the prescription drug company. Express Scripts is independent of any rebate formulary decisions. Public Comments: None
10102002-11	**Discussion Item**	**Opportunity to place items on future agendas.** - Medicare Enrollment - KPMG - BAFS/Ray Wong - Rates & Benefits Report - RFP for Third Party Administrator - Health Service System Rules Update Public Comments: None
10102002-12 **Adjourn 2:50 PM**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments: None

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting. The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of

these Rules and Regulations is available at any time upon request. Call Arnetta Brown at (415) 554-1727.

DISABILITY ACCESS

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

- American Sign Language interpreters will be available upon request.
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In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, Boards, Councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.

For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall by mail at Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna_Hall@ci.sf.ca.us

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code § 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site www.sfgov.org/ethics.

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- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

Regular Meeting
Thursday November 14, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

DOCUMENTS DEPT.
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PUBLIC LIBRARY

Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
11142002-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** ▪ **Regular Meeting of October 10, 2002** Staff Recommendation: Approve draft minutes Documents provided to Board prior to meeting: *Draft Minutes of Regular Meeting.* Public Comments: Action:
11142002-02	**Discussion Item**	**Reports of Health Service System staff and legal Counsel regarding the following matters:** ▪ **Administration** **-Update on Claims RFP (Jeff Hildebrant)** ▪ **Membership Group (Diana Ferrari)** ▪ **City Health Plan Group (Beaulah Smith)** ▪ **Finance Group (Yvonne Hudson)** Documents provided to Board prior to meeting: - *Claims Processing Status Report* Public Comments:

11142002-02	Discussion Item	**Presentation of 2001-2002 Financial Statements by KPMG (Tiffany Rasmussen and Robert Morelli, Jr.)** Documents provided to Board prior to meeting: *None* Public Comments:
11142002-03	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month of September 2002.* Staff Recommendation: Accept report Public Comments: Action:
11142002-04	Discussion Item	**PeopleSoft Update – HSS Number (Ray Wong).** Documents provided to Board prior to meeting: *Benefits Administration and Financial System (BAFS).* Public Comments:
11142002-05	Discussion Item	**HSS Finance Unit Work Plan Update (Ted Yamasaki).** Documents provided to Board prior to meeting: *None* Public Comments:
11142002-07	Discussion & Possible Action Item	**Discussion and Possible Action Regarding Members With and Without Medicare.** Documents provided to Board prior to meeting: *None* Staff Recommendation: Public Comments:
RATES AND BENEFITS MATTERS		
11142002-08	Discussion Item	**Discussion Regarding Rates and Benefits Meeting (Commissioner Deignan).** Documents provided to Board prior to meeting: *None.* Public Comments:
END OF RATES AND BENEFITS MATTERS		
11142002-09	Discussion Item	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Documents provided to Board prior to meeting: *None.* Public Comments:

11142002-11	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
11142002-12 **Adjourn**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

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Department of Human Resources >> Meeting Information >> Health Service Board: Full Committee

Department of Human Resources

November 14, 2002

Regular Meeting
Thursday November 14, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order: 1 PM
Pledge of Allegiance

Roll Call

President Claire Zvanski
Vice President Melissa Welch, MD, MPH
Commissioner Karen Breslin
Commissioner James Deignan
Commissioner Scott Heldfond
Commissioner Aleeta Van Runkle

Special Announcements

§ President Zvanski announced that hearing aids devices that are connected the hearing room sound system are available for public use during the HSB meeting and they can get them from the Commission Secretary. However, it is required that identification for security be held in exchange for the hearing aids and the ID will be returned simultaneously with the return of the hearing devices.

§ Access of the minutes of the October 22, 2002, Rates & Benefits meeting is available and encouraged everyone to be updated and prepared for the next meeting by reading the minutes.

11142002-01
Action Item
Approval (with possible modifications) of the minutes of the following meeting:

§ Regular Meeting of October 10, 2002
Staff Recommendation: Approve draft minutes
Public Comments: None
Action: Moved and seconded by the Board to accept the minutes of October 10, 2002. Motion was approved 6 to 0.

11142002-02

Discussion Item
Reports of Health Service System staff and legal
Counsel regarding the following matters:
Administration
Update on Claims RFP (Jeff Hildebrant)
§ Final review of the claims RFP list will be completed by tomorrow. A final list will be developed and the HSB will be contacted to participate in the selection process. Early 2003 is the target date for identifying and outsourcing the claims contract for the City Health Plan.

Membership Group (Diana Ferrari)
§ Membership Division has completed the People Soft training and will be involved in testing for the next four months. Temporary staff has been hired to replace Membership employees that are testing at the 44 Gough Street location.

City Health Plan Group (Beaulah Smith)
§ The Board received the 2001-2002 Medical Claims Activity Report, attached as Schedule #1. Review for the week ending November 12, 2002 is as follows:
- Claims outstanding -23,327
- Average turnaround days -26.10
- Year to date turnaround time - 16.72

§ There is insufficient staff to work at the present pace. Mr. Hildebrant and administrative staff have assisted the claims processing clerk by opening mail. Presently evaluating the claims receipts versus the actual number of claims processed to determine measures necessary to reach a comfortable level of an average base of 18- turnaround time and claims outstanding 15,000.
§ Mr. Hildebrant reported that over 40,000 of the 218,000 claims received during the last plan year were duplicates. The duplication is caused by the system not able to determine the status of the claims on hand until they are actually reviewed.

Customer Service Update
§ Ms. Yvonne Hudson announced that the City Health Plan customer service hours would be increased in response to staff and membership concerns. Processing of calls received (over 400) during the two-day, four hour voice mail, has been eliminated and replaced with the following schedule:

- Monday and Friday - 9:00 AM to 12 Noon
- Tuesday, Wednesday, Thursday - 10:00 AM to 12 Noon
- Provider line for eligibility verification and benefit quotes will continue to be open from to 9:00 AM to 12 Noon, Monday through Friday.

Claims new customer service hours will be effective starting Monday, November 18, 2002. A memo dated November 13, 2002, was sent to all City Health Plan (CHP) members regarding the new customer service hours. A copy of this letter is attached as Schedule #2.

§ Membership hours will continue to be Tuesday and Thursday from 10 AM to 12 Noon.

Finance Group (Yvonne Hudson)
§ Yvonne Hudson reported that as per requirement of the KPMG Management Letter, the Finance staff has completed cross training of tasks performed in the Finance Division.
§ Next step will be for Administration (Yvonne Hudson and Jeffrey Hildebrant) to review the financial work procedures and develop and set performance standards to

use for performance evaluation of the Finance staff.
§ Ms. Hudson confirmed to the Board that cross training, development of work procedures, and set performance standards will be completed for each HSS division.
§ Controllers' Office has not released the financial statements. As a result, the next item on the agenda should be deferred to the next HSB meeting in December because KPMG will be unable to make a report.
§ The monthly financial statements are incomplete and will be delayed another month because the official start date (July 1st) balance is not available until the Controller posts adjustments to FAMIS.
§ The following items will be presented at the next HSB meeting: financial statements, KPMG Management Letter, and the monthly financial statement report.
§ Rebecca Saroyan stated that the KPMG contract is managed by the Controllers' Office and as a result, the draft of the management letter is sent directly to the Controller. The Controller determines the release date for the report. KPMG is not allowed to distribute draft copies of the report prior to approval of the Controller. Per request of the Board, Ms. Saroyan said that she would do more research to see if the Board can have access to the KPMG reports prior to public distribution.
§ Ms. Hudson stated that the new Finance Manager for DHR is Mr. Jamie Austin and that he has access to the finance template prepared by Will Lee and plans are underway for him to meet with Towers Perrin. Ms. Hudson and the HSS administrative staff are looking forward to working with Mr. Austin.

Public Comments: None

11142002-03
Discussion Item
Presentation of 2001-2002 Financial Statements by KPMG (Tiffany Rasmussen and Robert Morelli, Jr.)
Documents provided to Board prior to meeting: None
Deferred to the next meeting.
Public Comments:

11142002-04
Action Item
Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).
§ The Board received Hightlights of the financial report for the month of October 2002. This report is attached as Schedule #3.

Staff Recommendation: Accept report
Public Comments: None
Action: Motion was moved and second by the Board to accept the financial report for October 2002. Motion passed 6 to 0.
11142002-05
Discussion Item
PeopleSoft Update - HSS Number (Ray Wong).
The Board received an update of the Benefits Administration and Financial System (BAFS). This document is attached as Schedule #4. This report contains high-level project plans and lists the member eligibility and scheduled deductions and member-finance functions with estimated completion dates and the percentage of completion date.
§ Out of the conversion of over 35,000 employee records that are considered "showstoppers," there was only 1 orphan or record that had to be entered manually.
§ Training of the Benefits Analysts and some of the Benefits Technicians to prepare them for the BAFS functional and systems testing has been completed.
§ Under the Benefits Administration & Financial System (BAFS), which will replace the WANG MAS, the social security number will be used as ID for across the systems in

lieu of the current HSS system ID number.
§ Diana Ferrari stated to the Board that old assigned HSS ID numbers can be tracked as far back as 30 years even though it is being used again. In the past, the HSS ID numbers for members who are deceased or terminated after five years was recycled. The current Wang System only can hold only 2 or 3 years of history.
Public Comments: None

11142002-06
Discussion Item
HSS Finance Unit Work Plan Update (Ted Yamasaki).
§ Ted Yamasaki, Deputy Director, DHR Administration, introduced to the Board Jamie Austin as the new Finance Manager for DHR. Mr. Austin has 9 years of professional budgeting and finance experience. He was formerly the Director of Finance & Planning with the San Francisco Public Defender's Office and was formerly the Budget Director for the City of Fremont. He has a master's degree in Public Policy from UC Berkeley.
§ Mr. Austin will be responsible for 3 primary areas:
1) Establishing and delivering the department's budget for the new fiscal year.
2) Working closely with Yvonne Hudson and her staff and providing oversight to the HSS Finance group to ensure required detailed financial reports.
3) Work with Ray Wong and the People Soft team to ensure that the financial procedures are well defined.

§ Mr. Yamasaki stated that he just received (today) information regarding the budget from the Mayor's Office. DHR has been requested to meet a target that is equivalent to 3% of the general fund. Enhancements for the City Health Plan's Third Party Administrator will be considered at the budget retreat scheduled in December.
§ Mr. Austin will make a presentation at the next HSB meeting regarding the budget report.
Public Comments: None

11142002-07
Discussion & Possible Action Item
Discussion and Possible Action Regarding Members With and Without Medicare.
Diana Ferrari, Membership
§ Diana Ferrari stated that as of December 1995 there were 371 people enrolled in the Medicare Cost plan through Kaiser. Currently there are only 81 enrolled with Kaiser and 69 people enrolled with Cost program with Health Net. (no longer offered)
Jane Fronk, Kaiser
§ Kaiser currently has 93 persons who are enrolled in the Medicare Cost plan.
§ December 31, 2004, the government will eliminate this plan.
§ Kaiser cannot mandate a person to leave Medicare Cost and join Medicare Choice. The Medicare Cost plan is currently frozen to new enrollment. Members who do not live in an approved zip code area will have to choose another health plan.
§ There is a $60 a month difference between the lower Senior Advantage rate and the higher Medicare Cost rate.
§ Medicare Plus Choice Plan is 100% locked into Kaiser and the Senior Advantage
§ The Board stated the importance of notifying members of the phasing out of the Medicare Cost plan.
Diana Ferrari, Membership
§ Diane Ferrari presented to the Board a document regarding Medicare issues. This document is attached as Schedule #5. Medicare issues outlined are:
- The issue- HSS members who are eligible for Medicare are not enrolling, therefore cost the City more money.
- What the Board should consider
- Penalty for non-compliance
- Scenario #1 - HSS staff recommendation

- Scenario #2 - HSS staff recommendation
- Scenario #3 - HSS staff recommendation

§ Notices regarding Medicare A & B plan are not sent to members after they are 65 years of age. Members approaching 65 are sent 3 notices a year.
§ Ms. Ferrari stated that it is important to get notification to members before social security open enrollment, which is scheduled for January, February, and March 2003.
§ Board recommend trying to contact various employers, HMOs, etc and see how the Medicare issue is handled and contact made to members.
§ Health Service System recommends a rule change.
§ Yvonne Hudson stated that a rule change drafts will be written and finalized and presented to the Board at the next meeting. The letters will be issued by or before Christmas so that members may have the opportunity to go to the Social Security Open Enrollment in January, February, and March.
§ Rebecca Saroyan reminded the Board that because the Board is charged with plan design and are fiduciaries of an insurance company that is run as a trust, they have the ability to set rules about how the plan design is regulated. The Board is not depriving members of insurance if there is a penalty when a member fails to enroll in Medicare. Some employers/HMOs drop employees who fail to assign their Medicare.
§ Jane Fronk of Kaiser clarified to the Board that there is a product called Medicare Out of Area Product that will allow members who live in California, but outside of Kaiser's service area to remain. They would have to be reverted from Medicare Cost to this non-federally qualified Medicare out of area product. Therefore, this is an alternative whereby members challenged by the zip codes will be able to remain with Kaiser at the same rate as Medicare Cost Plan.
Plan of Action Adopted
§ Rebecca Saroyan stated that adopting a plan of action is the most important step toward moving forward with this Medicare revision. It would be appropriate if the Board chooses to adopt this plan and policy and implementation today, the HSS staff could implement action immediately.
§ Commissioner Breslin stated that she would not approve or vote for members that have to make a 10% penalty payment.
§ Commissioner Deignan stated that the penalty is too extreme and questioned if it is lawful to make a person pay additional out of pocket cost to join a plan that is optional. He will vote no on this issue.
§ Dr. Welch said that 250 retirees received letters regarding Medicare for a long time and the actives and retirees paid and subsidized for them.
§ President Zvanski stated that she would support this issue because it presents a liability to the trust fund. Some people not to adhere to the rules and refuse to acknowledge communication during a long period of time. Older members will be handled individually on a one by one basis.
Public Comments:
§ Ray Mason of Retire Employees Association, expressed concern regarding Scenario #1.
§ Jean Thomas supports Commissioner Deignan's view. And against the 10% penalty if all members are not notified.
Action: Moved and seconded by the Board approve the concept of going forward with the rule change and make the sufficient change that would require Medicare Part B enrollment or to suffer the consequences listed in documentation and to allow the staff to proceed with a rule change. Motion passed 4 to 2.

RATES AND BENEFITS MATTERS

11142002-08
Discussion Item
Discussion Regarding Rates and Benefits Meeting (Commissioner Deignan).
§ Minutes for the first Rates and Benefits Committee meeting (October 22, 2002) are

available.
§ Discussions open to members of the system, labor groups, and members of various associations regarding design changes for Plan 1.
§ Overview provided by Towers Perrin for Plan 1.
§ Reserves are healthy with $27 million in excess.
§ Discussions and questions regarding transgender, infertility, and hearing aid benefits.
§ Discussions regarding deductibles, co-pays, and premium levels.
§ Presentation by Express Scripts regarding pharmacy plan design.
§ HMO and Dental plan, UBH, and Vision plan designs were presented.
§ Bad news includes the increased rates presented by the HMO's and contractors. All rates reported are still under negotiation and are not final.
§ Next meeting is scheduled for November 26, 2002.
Public Comments: None

END OF RATES AND BENEFITS MATTERS

11142002-09
Discussion Item
Reports on Network and Health Plan issues (Network and Health Plan representatives).
§ No comments
Public Comments: None

11142002-10
Discussion Item
Opportunity to place items on future agendas.
§ KPMG Report
§ Budget update
§ Ray Wong/BAFS Update
§ HIPAA Update

Public Comments: None

11142002-11

Adjourn 3:15 PM

Discussion Item
Opportunity for the public to comment on any matters within the Board's jurisdiction.
Public Comments: None
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DISABILITY ACCESS

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HEALTH SERVICE BOARD

NOTICE AND AGENDA

Regular Meeting
Thursday December 12, 2002
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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Call to Order		
Pledge of Allegiance		
Roll Call	President Claire Zvanski Vice President Melissa Welch, MD, MPH Commissioner Karen Breslin Commissioner James Deignan Commissioner Scott Heldfond Commissioner Aleeta Van Runkle	
12122002-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** ▪ **Regular Meeting of November 14, 2002** Staff Recommendation: Approve draft minutes Documents provided to Board prior to meeting: *Draft Minutes of Regular Meeting.* Public Comments: Action:
12122002-02	**Discussion Item**	**Reports of Health Service System staff and legal Counsel regarding the following matters:** ▪ **Administration** ▪ **Status of HIPAA Compliance** ▪ **Membership Group (Diana Ferrari)** ▪ **City Health Plan Group (Beaulah Smith)** ▪ **Finance Group (Yvonne Hudson)** Documents provided to Board prior to meeting: - *Claims Processing Status Report* Public Comments:
12122002-03	**Discussion Item**	**Presentation of 2001-2002 Financial Statements by KPMG (Tiffany Rasmussen and Robert Morelli, Jr.)** Documents provided to Board prior to meeting: *Financial Statements June 30, 2002 and 2001*

		Public Comments:
12122002-04	Action Item	**Presentation and acceptance (with possible modifications) of regular financial report of Towers Perrin (Towers Perrin).** Documents provided to Board prior to meeting: *Draft report for the month of November 2002.* Staff Recommendation: Accept report Public Comments: Action:
12122002-05	Discussion Item	**PeopleSoft Update – (Ray Wong).** Documents provided to Board prior to meeting: *Benefits Administration and Financial System (BAFS) dated December 9, 2002* Public Comments:
12122002-06	Discussion & Possible Action Item	**Medicare Enrollment Information to Members and Health Service Board Rules and Regulations regarding Medicare** Documents provided to Board prior to meeting: *Draft letter to members; Request for waiver of penalties letter; Health Service Board Rules and Regulation* Staff Recommendation: Approve letters and Medicare Rule as submitted. Public Comments:
12122002-07	Discussion & Possible Action Item	**Discussion and Possible Action Regarding Modifications to Health Service Board Rules and Regulations – Part 1 – General A-C; Part II – Membership and Coverage A-E** Documents provided to Board prior to meeting: *Updated HSB Rules and Regulations* Staff Recommendation: Approve Rules and Regulations changes as submitted. Public Comments:
RATES AND BENEFITS MATTERS		
12122002-08	Discussion Item	**Discussion Regarding Rates and Benefits Meeting (Commissioner Deignan).** Documents provided to Board prior to meeting: *None.* Public Comments:

END OF RATES AND BENEFITS MATTERS		
12122002-09	**Discussion Item**	**UNUM Provident-Information and Discussion Regarding Recent Media Coverage and City and County of San Francisco Claims Experience (Lynn Jester, Tamara Henderson and Callie Ernest)** Documents provided to Board prior to meeting: *News Release Unum Provident Rebuffs Recent Media Allegations dated November 18, 2002; Response to Recent Media Coverage, dated November 2002* Public Comment:
12122002-10	**Discussion Item**	**Reports on Network and Health Plan issues (Network and Health Plan representatives).** Documents provided to Board prior to meeting: *None.* Public Comments:
12122002-11	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
12122002-12 **Adjourn**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Board's jurisdiction.** Public Comments:

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